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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: FOOD AND AGRICULTURAL DEVELOPMENT

Screw-worm eradication programme

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the Council, as an annex to the present note, the report of the Director-General of the Food and Agriculture Organization of the United Nations (FAO), prepared in cooperation with the International Fund for Agricultural Development (IFAD), on the screw-worm infestation in North Africa and efforts undertaken to eradicate it, prepared in accordance with Economic and Social Council resolution 1991/59.

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ANNEX

SCREW-WORM ERADICATION PROGRAMME

Report of the Director-General of the Food and Agriculture Organization of the United Nations

SUMMARY

The New World screw-worm (Cochliomyia hominivorax Coquerel) was first detected in the Libyan Arab Jamahiriya in 1988. This was its first occurrence outside the Americas, where it is considered one of the most damaging pests to livestock. The infestation spread, despite control measures adopted at the time, to an area of 25,000 km^2 in the north-west of the country. By 1990, more than 12,000 infected animals were detected in the zone.

Early in 1989, the Libyan authorities contacted the International Atomic Energy Agency (IAEA), FAO, IFAD and the United Nations Development Programme (UNDP) to seek assistance in addressing the newly introduced pest problem. FAO arranged a mission, with the British Museum and IFAD, to confirm its existence, alert all countries considered at risk and determine the immediate action required to contain both the disease and the vector.

A comprehensive programme of animal inspection and treatment was established by the Libyan Government. This helped contain the infestation, confine it to the Tripoli area and control the incidence of the disease in livestock and human beings. This was followed by the implementation of national and regional projects to support training, surveys, surveillance, identification, animal treatment and public awareness campaigns.

It was apparent from the earliest investigations that eradication could not be achieved by animal inspection and treatment alone. However, the same pest had been successfully controlled in the United States of America and Mexico through the use of the sterile insect technique (SIT). This technique was field tested in a US$ 2.8 million pilot programme, approved for funding by the Executive Board of IFAD in December 1989, with co-financing by the African Development Bank, UNDP and FAO. The latter also implemented the pilot programme pursuant to an agreement signed with IFAD and a project document signed by the Government, IFAD and FAO. The Director-General of FAO established the Screw-worm Emergency Centre for North Africa (SECNA) at FAO headquarters, Rome, to implement the eradication programme.

SIT operations were extended to the entire infested area in early February 1991. The number of screw-worm myiasis cases dropped from over 12,000 in 1990 to 6 in 1991, the last being detected on 7 April 1991. Following six months of continued dispersal of millions of sterile flies, the SIT operation was suspended on 15 October 1991.

In terms of institutional lessons learned, this successful campaign demonstrated that cooperation among technical agencies, financing institutions, bilateral agencies, non-governmental organizations and the affected countries could effectively address a disaster situation, in a coordinated manner, and successfully avert its potentially detrimental impact.

Introduction

1. The New World screw-worm (Cochliomyia hominivorax Coquerel) was first detected in the Libyan Arab Jamahiriya in 1988. When suspecting farmers contacted the Parasitology Department of the School of Veterinary Medicine, University of Tripoli, the Libyan scientists classified the specimens and sent them to the CAB International Institute of Entomology, which suggested in January 1989 that the larval samples were from New World screw-worm infested wounds. This was its first occurrence outside the Americas, where it is one of the most damaging pests to livestock. The infestation spread, despite control measures employed, initially, to an area of 25,000 km^2 in the north-west of the country. By 1990, more than 12,000 infested animals were detected in the zone.

Preparatory phase

2. Early in 1989, the Libyan authorities contacted IAEA, FAO, IFAD and UNDP. FAO arranged a mission, which included representatives from the British Museum and IFAD, to confirm its existence, alerting all countries considered at risk. The mission also served to determine the immediate action required to contain the disease. Meanwhile, a comprehensive programme of animal inspection and treatment was established by the Libyan Government, with FAO and UNDP financial assistance. These activities helped contain the infestation, confine it to the Tripoli area and control the incidence of the disease in livestock and humans. National and regional projects funded by FAO, in the amount of US$ 2.4 million, supported training, surveys, surveillance, identification, animal treatment and public awareness campaigns.

3. At the initiative of the joint FAO/IAEA division, an action group was established in Rome in April 1989 to consider effective ways and means of combating the serious livestock pest. It subsequently became the FAO/IFAD/IAEA/UNDP/Libya Screw-worm Action Group, which played an active role in defining the content of the screw-worm eradication campaign that followed. The Director-General established the Screw-worm Emergency Centre for North Africa at FAO headquarters, Rome, in June 1990, to implement the eradication programme.

Pilot programme

4. It was apparent to the Action Group from the earliest investigations that eradication could not be achieved solely by animal inspection and treatment. However, the same pest had been successfully controlled in the United States of America and Mexico through the use of the sterile insect technique. Close cooperation was therefore established with the Governments of the United States and Mexico and their Joint Commission for the Eradication of Screw-worm.

5. The elements for an eradication programme, prepared by the joint FAO-IAEA division and reviewed by the Action Group, provided the basis for IFAD to prepare a pilot programme to test the feasibility of using this technique. After discussion with the Government and UNDP, a US$ 2.8 million pilot

programme was approved by the Executive Board of IFAD in December 1989 for co-financing with the African Development Bank, UNDP and FAO. Pursuant to an agreement signed between IFAD and FAO in May 1990, execution was entrusted to FAO. Accordingly, in June 1990 the Government, IFAD and FAO signed the document for project execution by FAO. The objectives of the pilot programme were to test the feasibility of transferring this technology and the logistical inputs required to the North African situation and to form the basis for the development of an eradication programme.

6. During the SIT component of the pilot programme (16 December 1990 to 14 February 1991), eight weekly shipments of sterile screw-worm pupae (3.5 to 7.0 million sterile insects per week) were transported from Mexico to the Libyan Arab Jamahiriya and the flies dispersed over a trial area of high infestation (6,600 km^2). The number of New World screw-worm cases reached over 12,000 in 1990, with a peak of slightly under 3,000 in September 1990. As had been the case in 1990, the number of cases dropped substantially during the winter months of 1991. Treatment of the entire infested area began in early February 1991. Only three animal cases were reported in January, two cases in February, none in March, and one case in April. During the same period, the number of trapped fertile flies was 34, with the last fertile fly being trapped on 27 April. The distribution of animal cases, confirmed by the trapping data on wild flies, indicated that the surviving population was widely dispersed throughout the infested area (25,000 km^2) during the spring of 1991.

7. Activities under the pilot programme included infrastructure development for the efficient transatlantic transfer of sterile flies from Mexico to the Libyan Arab Jamahiriya, establishment of handling and holding facilities in Tripoli and aerial release over the infested area. Essential quality control measures were established for analysis of various SIT parameters and facilities for weekly monitoring of flies put in place. A large number of surveillance teams were established for animal inspection and reporting of myiasis cases. A comprehensive information campaign was launched in the field, utilizing the media to promote public awareness not only in the Libyan Arab Jamahiriya but also in the neighbouring countries considered at the time to be at immediate risk of infestation. This campaign was highly effective in sensitizing the beneficiaries - farmers and livestock owners - and elicited their participation and cooperation in the project activities.

8. The pilot programme was highly successful in achieving its objectives and paved the way for the execution of the full-scale eradication programme.

The large-scale programme

(a) Planning and mobilization of resources

9. In preparation for a full-scale eradication programmme, a joint FAO-IAEA Working Group was established in January 1990 and a formulation mission led by FAO visited the country in late May-early June 1990. Libyan representatives, as well as representatives of IFAD, UNDP and IAEA, formed part of the team.

Even as the pilot programme got under way in July 1990, the FAO/IFAD/IAEA/UNDP/ Libya Screw-worm Action Group had initiated preparations for a large-scale intervention involving the shipment and release of up to 40 million sterile flies per week in the broader infested area of 25,000 km^2. This entailed the need for mobilizing additional financial resources commensurate with the task at hand.

10. IFAD played a major role in mobilizing these financial resources. FAO and IFAD held donor consultations, following which they co-sponsored two major pledging conferences in July 1990 and February 1991 at IFAD headquarters. The donor community responded generously. Funds in the amount of approximately US$ 35.4 million were pledged to the campaign for the first year of what was expected to be a two-year programme.

(b) Large-scale programme implementation

11. The large-scale eradication programme began in early February 1991, initially overlapping with the pilot programme. It covered the entire infested area (25,000 km^2). From 3 May 1991, the dispersal area was extended to 40,000 km^2 to include a buffer zone (of which 2,500 km^2 were within the Tunisian border). The number of sterile flies dispersed each week was increased to 40 million. The last positive myiasis case was detected on 7 April 1991 and the last fertile flies were collected on 27 April 1991.

12. An independent technical advisory committee, whose members were drawn from Mexico, the Netherlands and the United States of America, visited the area twice, from 5 to 10 May and from 31 August to 6 September 1991, and their recommendations were taken into account in implementing the eradication programme activities.

13. Following the advice of the technical advisory committee, and in agreement with the experience gained in the Mexican eradication programme, the distribution of sterile flies was suspended from 15 October 1991, that is, after nine life cycles free of New World screw-worm. The last remaining international staff left the Libyan Arab Jamahiriya in June 1992. Subsequent field operations will be limited to surveillance activities carried out by the Libyan authorities for a further year. The financial closure of the programme is expected in 1993.

14. SECNA continues an active role as the Libyan authorities concerned prepare to make the official announcement of the eradication of the New World screw-worm from North Africa. The final stage of the programme aims to reduce the risk of further outbreaks of screw-worm infestation. It includes strengthening the capacity of veterinary services in the North African countries. Important lessons are being drawn from the programme to reduce the risk of screw-worm spreading from its endemic areas in the Americas. The achievements, once consolidated, will be important in leading to reducing the risks of infestation and increasing the effectiveness of any subsequent eradication programme using sterile insects.

Research

15. During the programme, several areas for further research and development support were identified. The responsibility for coordination of these activities was delegated to the joint FAO-IAEA division, Vienna, with the assistance of the British Natural History Museum (United Kingdom), the Commonwealth Scientific and Industrial Research Organization (Australia), the United States Department of Agriculture and the Mexico-United States Commission for the Eradication of Screw-worm. The priority areas for research will continue to receive attention within the context of the preventative phase of the programme.

Costs and benefits

16. The eradication programme prepared by FAO in collaboration with IFAD was expected to take two years, and included three budget scenarios requiring international funds of US$ 62.7 million to US$ 91.5 million, in addition to a US$ 27 million contribution from the Government of the Libyan Arab Jamahiriya.

17. Several budgetary revisions were made during the course of the campaign. The original estimate of a requirement of international funds for completion of the programme was thus revised downward to a final estimate of US$ 34 million. The downward revisions were made in response to the rapid success that was being achieved. To date, a total of US$ 32.4 million has been delivered by donors, and a further US$ 2.9 million is expected (see table). With the delivery of all pledges, the required funding for the completion of the programme will be assured.

18. An independent study of the costs and benefits to the programme was commissioned. Using conservative estimates of the benefits at international prices, the gains from the programme (derived in the context of avoidance of potentially high losses in livestock numbers, reduction in the debilitating impact of the New World screw-worm on the livestock population in the infested area and the reduced need for continued treatment of infected animals) were shown to be at least 1.5 times larger than the cost of the programme. Once the benefits of protection throughout the Libyan Arab Jamahiriya were considered, the benefit-to-cost ratio was 3 to 1 and this increased to 50 to 1 when the benefits of protection derived by the surrounding countries were taken into account.

New World Screw-worm Eradication Programme, source of multidonor funds

(In United States dollars)

Source of funds	Payments to date	Expected
Governments		
Australia	232 558	
Austria	755 497	85 000
Belgium	1 000 000	
Finland	761 852	
France	2 000 000	
Germany	3 639 000	
Ireland	100 000	100 000
Italy	894 784	
Luxembourg	143 300	
Netherlands	2 045 824	
Spain	160 000	
Sweden	2 287 082	
United Kingdom	1 884 550	
United States of America a/	6 000 000	
Institutions		
AfDB	2 000 000	2 000 000
EC b/	2 466 583	
IFAD	3 327 985	672 015
IsDB c/	2 458 109	
OPEC Fund	200 000	
WWF	10 000	
Total	32 367 122	2 857 015

a/ Additional $1 million allocated for activities in Egypt.

b/ Additional $1.1 million allocated for activities in Egypt, $1.1 million for Tunisia and $438,000 for Algeria.

c/ Additional $1 million contributed directly to the Libyan Arab Jamahiriya and $1.5 million disbursed equally among the neighbouring countries: Algeria, Chad, Egypt, Niger, Morocco, Sudan and Tunisia.

Conclusion

19. The undetected transfer of the screw-worm from the American continent to North Africa serves to illustrate the vigilance required by both importing and exporting countries and the need for technically coordinated international cooperation if the introduction of exotic pests and their devastating consequences are to be avoided in the future.

20. The campaign was an example of effective cooperation among a large number of partners in an emergency operation: four United Nations bodies (FAO, IFAD, IAEA and UNDP); 14 donor countries (Australia, Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain, Sweden, United Kingdom, United States of America); three international financial institutions (Islamic Development Bank, African Development Bank and Organization of Petroleum Exporting Countries (OPEC) Fund), one regional integration organization (European Economic Community (EEC)), an international non-governmental organization (World Wide Fund for Nature (WWF)) and the African countries considered at risk. Special mention should be made of the significant contribution and the full cooperation of the most affected country, the Libyan Arab Jamahiriya.

21. In terms of institutional lessons learned, this successful campaign demonstrated that cooperation among technical agencies, financing institutions, bilateral agencies, non-governmental organizations and the affected countries could effectively address a disaster situation, in a coordinated manner, and successfully avert its potentially detrimental impact.

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OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Report of the Committee on Food Aid Policies and Programmes

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Thirty-third Session, CFA - Rome, 25 - 29 May 1992

SEVENTEENTH ANNUAL REPORT OF THE WFP COMMITTEE ON FOOD AID POLICIES AND PROGRAMMES (CFA) TO THE ECONOMIC AND SOCIAL COUNCIL, THE FAO COUNCIL AND THE WORLD FOOD COUNCIL

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WORLD FOOD PROGRAMME - 1991 IN RETROSPECT

Overview

1. WFP is the principal international channel for the provision of relief food aid and a major supplier of food aid in support of development activities: in playing this dual role, WFP is the largest source in the United Nations system for the transfer of grant resources to developing countries. WFP's annual turnover in 1991 - the sum of the resources managed by the Programme - was $1.6 billion.

2. The burgeoning needs of victims of natural and man-made disasters dominated the work of the World Food Programme in 1991. Half of all deliveries of WFP food for the year were of relief food, both for emergencies and for long-term refugees and displaced people, compared to approximately one third in previous years. Some 20 million people, including 14 million refugees and displaced people, received WFP relief food in the course of the year. This upsurge in the need for relief food aid has resulted in a shift in effort from development activities to emergency relief.

3. Warfare and civil unrest continued to devastate a large number of countries in Africa in 1991, exacerbated by widespread drought in many areas. Further east, WFP was actively involved in helping people affected by the conflict in the Gulf, providing assistance to hundreds of thousands of displaced people and vulnerable groups inside Iraq and to similar numbers of evacuees and refugees in surrounding countries. Refugees from Afghanistan in Iran and Pakistan continued to need food assistance. Bangladesh, struggling to assimilate large numbers of poverty-stricken returnees from the Gulf region, was struck by a cyclone at the end of April, which killed an estimated 138,000 people and left a further 10 to 12 million homeless.

4. The increase in relief food aid needs has resulted in WFP's handling (shipping, trans-shipping or transporting, including on behalf of other donors) a record 4.8 million tons of food in 1991. Transport-related expenditure in the year topped $387 million, of which $176 million was paid to developing countries.

5. To move food and other aid quickly and efficiently into areas of urgent need, WFP has strengthened its logistics capacity, which is increasingly used by the United Nations system, bilateral donors and non-governmental organizations. Up to 50 ships worldwide are on charter to WFP at any single time. The Programme manages trucking fleets composed of hundreds of trucks and trailers in several countries. A highly efficient system of delivery by WFP-chartered aircraft, including air-dropping and, for the first time by WFP, parachute dropping, supplemented delivery by road, especially in remote or dangerous areas of Sudan, Ethiopia and Angola where surface delivery was difficult or impossible. WFP logistics staff have been responsible for such managerial tasks as the coordination of port operations, helping in port rehabilitation and arranging for the internal transport of emergency food supplies. WFP's International Food Aid Information System (INTERFAIS) provided both donors and recipients continuously with essential data on food aid operations and logistics.

6. Increasingly, WFP is called upon to help coordinate delivery of food to people in urgent need. For example, in Sudan WFP was called on to organize and handle delivery of all food aid - totalling 500,000 tons, of which only five percent was supplied by WFP - going into the country through Port Sudan. In practical terms this meant that all food aid was consigned to WFP, with WFP being responsible for berthing ships, discharging cargo, bagging bulk grain, clearing all

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food aid from the port, and arranging transport from Port Sudan to distribution centres throughout the country, including intermediate storage where necessary.

7. WFP has supported international efforts to ensure safe passage of emergency food aid. Partly as a result of its work, this concept has been increasingly accepted. In many countries in 1991, such as Iraq, Ethiopia, Sudan and Angola, WFP was at the forefront in delivering food aid through conflict zones to civilians on both sides of the battle lines. Amendments of the WFP General Regulations, approved in 1991, enabling WFP to provide humanitarian relief assistance at the request of the Secretary-General of the United Nations, will strengthen WFP's mandate to provide emergency food aid to those in need wherever they may be.

8. In the course of the year, WFP and UNHCR agreed to new working arrangements that will result in WFP's assuming from UNHCR full responsibility for the mobilization from donors of all basic food, and the cash to ship and handle it, for all refugee feeding operations in developing countries. During 1991 WFP handled more than two thirds of the food provided to refugees in developing countries.

9. Although 1991 might prove to be exceptional in terms of the high level of emergency food relief needs, increased responsibility for refugee feeding will result in a permanent change in the Programme's activities in favour of relief. Nevertheless development activities remain at the heart of WFP's work.

10. At the end of 1991, WFP was assisting 266 ongoing development projects with total resources from WFP valued at $3 billion. Over the life of current ongoing development projects, an estimated 80 million people will receive WFP food aid. In 1991 alone, it is estimated that 22 million people received WFP food through development projects.

11. At $448 million, representing 1.44 million tons, WFP commitments for development projects in 1991 were the lowest in value terms since 1978. This decline resulted from the steady reduction in resources made available to WFP for development assistance since 1988.

12. Low-income food-deficit countries - countries with a per capita GNP in 1991 of less than $1,135 that rely on imports to meet their food requirements - receive most of WFP's assistance. In value terms, 79 percent of WFP's development assistance commitments, 72 percent of emergency aid and 96 percent of assistance for long-term refugees and displaced people were for that group of countries in 1991.

13. Just over half of all WFP food aid shipments for 1991, for both development and emergency purposes, was to least developed countries (LDCs). WFP expenditure in LDCs in 1991 was $578 million, 53 percent of the total. LDCs accounted for 35 percent of WFP's resources for ongoing development projects.

14. WFP provides a subsidy to LDCs towards meeting the internal transport, storage and handling (ITSH) costs of development food aid. Additional assistance is given to help defray the cost of such activities as monitoring and evaluation, together with increased administrative support for central food management units. This extra assistance amounted to $29 million for projects approved in 1991.

15. By the end of 1991 - half way through the pledging period for regular resources - total multilateral pledges and contributions to WFP for the 1991-92 biennium had exceeded $1.92 billion, exceeding the total multilateral resources for the entire 1989-90 biennium, itself a record, by nearly 10 percent. Because of the increase in relief activities, total multilateral resources made available to WFP for the whole 1991-92 biennium are expected to range between $2.4 to $2.6 billion. This includes contributions or pledges to WFP's regular resources (including those for the feeding of long-term refugees and displaced people), the Food Aid Convention (FAC), the International Emergency Food Reserve (IEFR) and contributions for Afghan refugees and returnees and other special emergency operations. The major increases in 1991-92 are for relief needs, including the IEFR, long-term refugees and displaced people and special emergency operations.

16. Persistent imbalances in between cash inflow and outflow have significantly eroded WFP's cash carry over in recent years. The overall decline in the purchasing power of the United States dollar, compounded by inflation, resulted in steady increases in ITSH, transport expenses (although this has been mitigated by charters and other initiatives to reduce costs) and programme support and administrative costs (which at $77.8 million in 1991, were five percent of turnover). The administrative cost of servicing WFP's relief activities, which represent about 50 percent of its turnover and are mainly paid from cash contributions to WFP's regular resources (intended primarily to cover development activities), has aggravated the situation. As a consequence, in the first half of 1991 the Executive Director brought to the attention of the CFA that the Programme was faced with a prospect of severe cash shortfalls, and extraordinary measures had to be taken.

17. Special appeals during the year encouraged two major donors to increase the level of their cash pledges to WFP's regular resources, raising the aggregate level to 29 percent for the 1991-92 biennium (well above the average of 24 percent for the previous biennia, but still less than the one third in aggregate called for in WFP's General Regulations). The CFA also agreed that the additional administrative and support costs incurred by WFP in carrying out its relief work should partly be covered by an administrative overhead charge of four percent on the IEFR and on the sub-set of regular resources to feed long-term refugees. A revised scale of fees for bilateral services was also approved. As a result of these proposals by the Executive Director, the CFA established a working group to consider other options for financing administrative expenses that would strengthen the Programme's long-term cash position.

18. The Programme's activities in 1991 were carried out by 2,821 staff, including 1,550 staff members holding appointments of one year or more (470 staff performing professional duties and 1,080 support staff) and 1,271 temporary staff employed under special contractual arrangements for time-limited logistics and emergency operations. Total staff costs were just $53.4 million in 1991, or only three percent of turnover. Three-quarters of WFP staff are assigned to country offices in 82 countries, helping 92 developing countries.

19. In accordance with WFP's policy regarding rotation of staff, 75 staff members changed duty station during 1991, including 20 Directors of Operations or Assistant WFP Representatives. The security situation in a number of duty stations deteriorated during the year, and 21 staff members and their families had to be evacuated, with subsequent hardship for them and substantial costs to the Programme.

20. Major changes in WFP's General Regulations were approved in 1991, the first time substantial changes have been made since WFP ceased to be an experimental programme in 1965. As a result, the Programme now has legal capacity and greater autonomy within the

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United Nations system. The Committee on Food Aid Policies and Programmes (CFA), with enlarged membership, is recognized as the body responsible for the intergovernmental supervision and direction of the Programme, including food aid policy, administration, operation, funds and finances. The Executive Director has full responsibility for WFP's affairs and is accountable to the CFA for all matters, including finance and accounts. The Programme also now has its own Financial Regulations and Rules.

21. After protracted negotiations, the Government of Italy, the United Nations and FAO signed a Headquarters Agreement for the World Food Programme in March 1991. The implementation of that Agreement is subject to ratification by the Italian Parliament. When that Agreement enters into effect the Government of Italy will provide WFP with appropriate office accommodation in Rome.

1991 Development activities

22. Food aid, as provided by WFP, is an important additional resource for economic and social development. It supports activities that help poor people improve their socio-economic situation and overcome the root causes of poverty and hunger. WFP's assistance aims not only to help improve temporarily the diet, health, education or income of poor people, but also to help improve their economic situation over the long term.

23. The main types of projects assisted are:

Agricultural production Projects to increase agricultural production, including land development, forestry, land rehabilitation, rangeland management, dairy and fisheries development, accounted for $1.3 billion, or 45 percent, of ongoing WFP-assisted development activities in 1991. In these projects, food aid is typically used either as food-for-work to support labour-intensive agricultural activities or as an incentive to encourage participation by local people in project activities or compensate them for the time they invest in the project.

Rural infrastructure A major problem in many rural areas is the lack of physical infrastructure, such as roads to transport goods to market, water systems for human or agricultural use, and community facilities such as schools, health-care centres and social centres. Food aid helps construct these facilities through food-for-work schemes. In 1991, the value of ongoing projects in this sector amounted to $326 million, or 11 percent of WFP development activities.

Settlement projects Land settlement projects, in which new lands are brought into production by smallholders and agricultural infrastructure, public amenities and civil works are constructed, accounted for seven percent of WFP's ongoing development activities in 1991. Food assistance tides settlers over the initial period until the first harvest, or until self-sufficiency in food production is reached.

Food reserves Support to national food reserves, market restructuring or price stabilization activities forms a small but important part of WFP's development work. In the case of food reserves, the objective is to improve the country's capacity to cope with bad harvests or natural disasters by ensuring a security stock of staple foods for distribution at such times. WFP support for food reserves is usually undertaken in collaboration with other

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food aid donors; WFP often acts as a catalyst for bilateral contributions to government reserves.

In market restructuring or price stabilization projects, food aid is made available to governments for distribution, usually sale, when food prices are high. The proceeds normally are to be used to purchase local products at guaranteed prices after harvest, in order to replenish the reserve. Such projects help prevent excessive price fluctuations of staple foods which, if unchecked, could discourage local production (through producer prices falling too low after harvest) or cause excessive hardship to poor consumers (because retail prices rise to high levels prior to harvest).

Vulnerable group development WFP food aid is provided to encourage greater and more regular attendance of mothers and young children at health centres. The food either provides a dietary supplement or constitutes a transfer of income to poor households or individuals because the food is in addition to their existing income. In institutional feeding projects, food aid may constitute budgetary support, allowing a government to expand or improve social programmes, while providing recipients with improved diets.

School-feeding projects School feeding alleviates short-term hunger, improving children's learning ability. The food also acts as an incentive to encourage regular attendance and as a dietary or income supplement to the family (helping compensate for loss of the child's labour while attending school). Sometimes WFP food also saves money in government budgets, which can be used for additional investment in education. More than one-fifth of total WFP resources for ongoing development projects, some $654 million, support education.

24. WFP food aid for health, education and training helps ensure a healthy population that is literate and has the skills necessary to achieve sustained economic growth. Food, nutrition, health and productivity are interdependent: lack of food causes poor health, which in turn reduces productivity. The effectiveness of WFP food aid for health and education depends crucially on the recipient country's efforts to improve basic services in these areas. The commitment of governments and the seriousness of their efforts are major factors in determining whether to begin or continue WFP support for health or education programmes. These programmes need to be focused on poor areas and in poor countries if they are to have a major impact on poverty.

25. Most WFP-assisted projects are located in rural areas and are designed primarily to help the rural poor. In most developing countries poverty remains predominantly a rural phenomenon. A main objective of many WFP food aided projects is to help increase local food or agricultural production. Nevertheless, urban poverty is increasing in many developing countries, and WFP assistance specifically to help poor people in urban areas accounts for a small amount of the Programme's total development assistance - $22 million, or less than one percent. In most urban development projects, WFP uses food aid to pay workers employed in improving local sanitation facilities, housing conditions, roads and paths. With urban poverty on the increase in many developing countries, WFP assistance to help the urban poor is likely to grow in the coming years.

26. The ripple effects of WFP's development work can be very widespread. Whole communities can benefit from a general improvement in a region's economic development. For example, new work skills gained as part of a WFP-assisted training programme result in improved productivity or job opportunities, leading in turn to higher family incomes.

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Increased family income gives greater purchasing power, and so more demand for goods and services. Roads, irrigation canals or new schools built with the help of food aid can last many years, benefitting several generations. These lasting benefits are a major goal of WFP's development work.

27. Each type of development project also has immediate beneficiaries - those who directly participate in project activities and receive WFP food for themselves and their dependents. WFP food rations supply part, but not normally all, of beneficiaries' income and diet. In most projects food is supplied for only part of the year - for example, during the school term in a school-feeding project, or during the agricultural low season in a food-for-work project. In other projects, food is provided throughout the year.

28. Over the past few years there has been a reinforcement of the trend away from more expensive processed food commodities towards basic commodities, such as cereals, edible oils and pulses. It is likely that this trend will continue, as WFP and donors seek to maximize the value of food pledges in terms of cost effectiveness and nutritional benefits.

29. The need for resources for development projects has been steadily increasing over the years, while the availability of resources for development projects has declined, largely because of budgetary constraints faced by donors, who have also tended to redirect their resources to emergency and refugee feeding needs, particularly during 1991.

30. During 1991, approximately 1.35 million tons of food, including approximately 200,000 tons bought with donors' contributions of cash designated for commodity purchases, were shipped to development projects. Although this is nearly 30 percent higher than the average level of food availability over the past three years, it fell short by some 200,000 tons of the minimum level needed to maintain project activities. WFP was thus obliged to adopt a commodity rationing exercise for a second consecutive year.

1991 Relief activities

31. Drought, war and cyclones were the main causes of suffering that required short-term WFP emergency food assistance (excluding long-term refugees and displaced people) in 1991.

32. Currently one quarter of emergency food aid from all sources is handled by WFP, either from the International Emergency Food Reserve (IEFR) or from its regular resources or as a handling agent for bilateral donors. The remainder is largely provided as direct bilateral assistance or through NGOs. At 870,000 tons valued at $391 million, 1991 commitments of WFP emergency food aid from the IEFR and WFP's regular resources were almost three times higher than in 1990.

33. Eighteen donors, including two developing countries, contributed to the IEFR, the multilateral source of food for most emergency feeding. Total contributions in 1991 amounted to 612,000 tons of commodities, including both cereals and non-cereals, valued at $319 million. (In the past, food for long-term refugees and displaced people was met from the IEFR, but since 1989 donors have made separate, additional, pledges to WFP for this purpose.)

34. The many problems inherent in the current working of the IEFR led WFP to propose changes in its composition and operation. Although it was intended to be a multilateral facility, increasingly the IEFR has become an instrument of directed response. Most contributions to the IEFR are not made in advance of requirements, but are an *ad hoc* response to needs as they arise. Usually donors approach WFP on a case-by-case basis with offers of assistance to particular emergency situations, or WFP itself solicits donors to provide commodities for each specific case. Either way, the IEFR has lost its intended true multilateral character and operated less efficiently as a result.

35. The IEFR was never meant to cover all emergency food needs, but only to guarantee an effective initial response. Except for long-lasting refugee situations, or slow-onset droughts in which shipments often can be planned in advance, rapid deployment of food in emergencies is normally essential and always challenging. In many cases, food must be available in a matter of days, either by being obtained on the spot or urgently delivered from abroad.

36. WFP's effectiveness in responding to emergencies has been based largely on its ability to borrow from WFP food stocks already in the country for development projects, or from other government stocks. In fact 18 operations in 1991 began that way. When borrowings are made from development food, care is taken to minimize the disruption to development activities; nevertheless large-scale reliance on stocks of WFP development food has occasionally affected the implementation of WFP-assisted development projects.

37. An alternative first-line response to new emergency situations would be to buy food locally, within the region or from the nearest commercial source. Although WFP did resort to food purchases for 17 emergency operations in 1991, WFP cash resources are not sufficient to cover immediate food purchases as a regular alternative to borrowing.

38. In order to remedy this problem, the CFA in 1991 approved the establishment of a cash account, to be known as the Immediate Response Account (IRA), as an integral part of the IEFR. The IRA will be used mainly to buy and deliver food to permit the fastest possible initial response to new emergency situations.

39. The IRA will be funded by an amount to be set aside annually by the CFA from WFP's regular resources ($7.5 million in 1992) and by voluntary contributions from IEFR contributors in convertible currencies free of restrictions as to their use, with the objective of receiving support from as many countries as possible. An annual minimum target of $30 million has been set.

40. WFP also received $72 million (in cash and kind) in 1991 to help transport and manage emergency food aid. Amongst other things, these additional resources provided trucks, boats and other vital equipment to ease transport bottlenecks, helped cover the costs of airlifts to provide emergency food aid to people in remote or dangerous areas and paid for additional short-term staff and consultants to ease port congestion.

41. Emergency food aid usually treats symptoms, not causes. That is why WFP puts so much emphasis on supporting development projects that help people in marginal areas improve their lives and become more secure. It is often much better to provide relief to famine victims through enlarging development projects than through free distribution of emergency food aid. In a number of countries WFP has responded to relief needs by

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providing food to an increased number of beneficiaries through ongoing development projects.

42. Food for refugees and displaced people forms a major part of WFP's relief activities, especially as WFP has assumed increased responsibilities in this area. Food for people displaced or made refugees in 1991 accounted for 60 percent of WFP's emergency food aid allocations for the year, while 1991 commitments for long-term (more than 12 months) feeding of refugees and displaced people amounted to an additional $558 million, almost three times the 1990 level. In all WFP committed in 1991 over 1.8 million tons of food commodities worth nearly $800 million to provide food aid for some 14 million refugees and displaced people in more than 30 countries. Refugees and displaced people accounted for three quarters of all WFP relief food aid.

43. There are large numbers of refugees and displaced people in Africa - mainly in the Horn (Ethiopia, Somalia, the Sudan), parts of Southern Africa (Malawi, Mozambique) and coastal West Africa (Côte d'Ivoire, Guinea, Liberia, Sierra Leone). Major refugee problems also persist in various regions in Asia - the aftermath of the Gulf crisis, the massive Afghan refugee presence in both Iran and Pakistan, and the continued concentration along the Thai-Cambodian border. Only in Central America has there been a significant repatriation of refugees to their countries of origin. It is estimated that 1.6 million tons of food will be required from WFP to feed long-term refugees and displaced people in 1992.

44. During the past two years there has been a significant increase in the amount of multilateral resources being made available to WFP to feed refugees and displaced people, in part resulting from the adoption in 1989 of revised resource funding modalities for Protracted Refugee and Displaced Person Operations. This trend is expected to continue as WFP assumes more responsibility for the food needs of refugees under the new UNHCR/WFP agreement. WFP expects to be handling over 70 percent of all food commodities for refugee feeding operations by the end of 1992; the remaining 30 percent would still be handled bilaterally or by UNHCR for refugees in some countries.

45. Commitments for prolonged refugee and displaced person operations are normally for 12 or 18 months, depending upon the food needs of the operation and the prospects for repatriation. Individual project budgets are based on total food requirements, derived from joint WFP/UNHCR assessments; the requirements are then broken down by source, indicating the quantities to be supplied by WFP and to be pledged bilaterally by donors.

46. Within the current collaborative framework established through the 1985 Memorandum of Understanding, UNHCR and WFP jointly undertake virtually all phases of refugee feeding operations, including organizing joint missions to assess assistance requirements, issuing joint appeals to donors for resources, and programming and managing the logistics of the refugee feeding operations themselves. As a result of a series of agreements over the past four years, WFP has become the principal channel for and coordinator of food aid commodities in refugee feeding operations managed by UNHCR, particularly those in Ethiopia, Liberia and neighbouring countries, Malawi, Mozambique, Pakistan and Somalia. During 1990-91, inter-agency and joint UNHCR/WFP assessment missions were undertaken in Algeria, the Horn of Africa, Iran, Iraq, Liberia and neighbouring countries, Malawi, Pakistan and Sudan.

47. A "Concept Paper on UNHCR/WFP Cooperation ", which lays the basis for new working arrangements between the two organizations, was jointly approved by the High Commissioner for Refugees and the Executive Director in January 1991. This was followed by a joint letter from the two executive heads in December 1991 reaffirming WFP's responsibility, beginning in 1992, to undertake the mobilization of all basic food commodities (and the cash needed to transport them), and the international transport of food to recipient countries. Starting in 1993, and on a case-by-case basis in agreement with UNHCR, WFP will progressively assume responsibility for arranging the internal transport and delivery of all basic commodities to delivery points within recipient countries.

1991 Transport activities

48. The need to deliver massive amounts of relief food aid in 1991, as well as the food required by development projects, increased substantially the workload of WFP staff both in country offices and in headquarters.

49. The Programme arranged for the international transport of 3.1 million tons of food in 1991, equal to the 1988 record and 35 percent more than the total shipped in 1990. In addition WFP arranged for transshipment, overland and air transport of some 1.6 million tons of food aid on behalf of bilateral donors and NGOs.

50. Shipping food on liners typically costs between two and two and a half times the cost of shipping food on ships chartered by WFP. Consequently, in order to keep expensive liner shipments to the minimum, WFP intensified its efforts to consolidate consignments into larger quantities suitable for charter vessel carriage. WFP chartered 167 vessels to carry 2.2 million tons of food - 42 percent more than in 1990. Hard work and persuasion are often required to find shipowners prepared to carry a number of small individual shipments, often for multiple destinations, as part of a single charter. But by doing this, savings on the cost of freight are achieved.

51. WFP makes every effort to increase its utilization of developing country transport services wherever possible. In 1991 a total of $176.1 million was paid to developing countries for transport-related services, of which $155.3 million was for overland transport. Payments for shipments in developing countries vessels increased by 37 percent, from $15.3 million in 1990 to $20.9 million in 1991.

52. Total transport costs per ton rose by nine percent, from $71.90 in 1990 (including transport to extended delivery points, insurance, superintendence and agency fees) to $78.24.

53. WFP played an active part in easing port congestion and ensuring the free movement of goods inland in a number of countries in 1991.

54. WFP's logistics work has become an increasingly important aspect of the international response to emergency situations. In Ethiopia, WFP manages a fleet of trucks through the WFP Transport Operation in Ethiopia (WTOE), which was instrumental in delivering emergency food aid to starving people throughout the country. To bolster locally available transport, WFP contracted for 100 trucks from Kenya and Jordan to help transport food from Djibouti and, later, Assab.

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55. WFP undertook seven major air operations in 1991 to get food quickly to starving people in remote or dangerous areas. By the end of 1991 a record 54,000 tons was delivered by air (compared to 33,000 tons in 1990). The cost of these operations was just under $23 million, with 42 percent of all cargoes being sent on aircraft from developing countries.

More than food aid

Bilateral services

56. WFP, on behalf of bilateral food aid donors or United Nations agencies, may arrange for the purchase of food, its transport or the monitoring of its distribution for food-aided relief or development activities. WFP's expertise in these areas provides donors with an effective service, for which it is paid a fee by the donors or agencies concerned.

57. There are a number of advantages in undertaking bilateral services:

a) WFP has information relating to overall food requirements and the relative absorptive capacity of recipient countries, which allows for better planning and programming of food aid by donor countries.

b) WFP's coordination of food aid from many sources facilitates the best use of local logistic facilities, especially in large-scale emergencies.

c) By combining the shipment of bilateral food aid with WFP food aid, it is often possible to reduce transport costs for both WFP and the donor.

d) Bilateral food aid can be channelled through WFP to areas of the developing world that are difficult to reach.

58. Bilateral services have become a significant aspect of WFP's activities. Over the past 10 years, WFP has handled more than 6.7 million tons of bilateral food aid with a value of more than $1.7 billion. Donors relied heavily on WFP throughout 1991 to deliver extraordinary levels of food aid at short notice on their behalf to the rising number of emergencies. In 1991, WFP was requested to buy, ship or monitor a record 1.2 million tons, worth $225 million, on behalf of bilateral donors.

59. Seventy percent of bilateral food aid handled by WFP in 1991 was for relief, including refugees and displaced people. In Sudan WFP delivered more than 600,000 tons of commodities on behalf of donors. Other major activities included monitoring more than 300,000 tons of food donated for cyclone victims in Bangladesh and 30,000 tons donated to Pakistan for Afghan refugees, and delivering more than 41,000 tons of food for Cambodians in camps on the Thai border.

60. In addition to the high volume of relief food deliveries, WFP brought and delivered food on behalf of bilateral donors to both Romania and Bulgaria and transported 30,000 tons of cereals across China to Mongolia.

61. An illustration of the increasing scale of WFP's bilateral activities is the agreement concluded in 1991 between WFP and the Government of Japan, under which WFP is to buy

and deliver $41.4 million worth of food aid to suffering people in ten countries in Asia and Africa on behalf of Japan. Japan has agreed that part of its contribution can be used to purchase food in developing countries, which will strengthen the agricultural sector of these countries as well as South-South trade.

62. Because of substantial increases in overhead costs for such services, WFP reviewed its fee levels for operations undertaken on behalf of bilateral donors. As a result, it has been agreed to increase WFP's fees.

Food purchases

63. While few developing countries have the means to donate substantial quantities of food, many are sources of food that donors can purchase and use as food aid either locally or in other developing countries. In 1991, WFP bought a record 926,000 tons of food worth $196 million for distribution in developing countries. In value terms this is nearly 25 percent more than the previous record of 1989. In addition to using cash from WFP's regular resources, including special pledges for long-term refugees and displaced people, the Programme also made purchases from funds provided by donors directly through the FAC or the IEFR.

64. More than seven out of every 10 tons - a total of $142 million - were bought in developing countries. In all, WFP purchased food from 43 developing countries in 1991. In Sub-Saharan Africa alone, WFP spent $60 million in 1991 for 232,000 tons of food.

65. Since 1985, WFP has bought more than $625 million worth of food in developing countries, in the process making the largest contribution to South-South trade within the United Nations system. For poor countries with surpluses of certain food commodities, these purchases can provide much needed foreign exchange. For example, purchases of food by WFP in Uganda will account for an estimated six percent of that country's projected total exports of goods and services in 1991/92. Purchasing food in developing countries may also help promote inter-country trade over the longer term.

66. As well as becoming an important means of responding speedily to emergency food needs, local purchase arrangements have been included as an integral part of five of the 43 WFP-assisted development projects approved in 1991. In one case, locally purchased meat, vegetables and fruit will provide a nutritional supplement for vulnerable groups, while in the other cases local grains or pulses will provide staple foods for the project beneficiaries.

67. In an additional 13 projects, exchange arrangements have been proposed, whereby imported WFP foods are delivered to ports or main cities and exchanged for locally available foods in rural areas for distribution to beneficiaries there. These arrangements save on internal transport costs, give beneficiaries local foods that are more to their taste and stimulate local agricultural production and trade by providing additional outlets for local farmers.

Non-food resources

68. To be truly effective, food aid must be linked to a variety of other inputs, including technical assistance, administrative and financial support, and equipment and supplies. These are usually provided by the recipient governments, by other local sources, or by donors and other aid agencies. Where governments are unable to provide all the non-food resources required for WFP-assisted projects, WFP makes special efforts to obtain non-food resources from donors to enhance the effectiveness of its food aid.

69. In 1991, as well as $72 million of non-food resources provided to WFP for special emergency operations, 11 donors channelled $13.5 million worth of such non-food items through WFP in support of development and protracted refugee projects. The items provided included agricultural tools, vehicles and personnel.

Training

70. Administrative and managerial weaknesses are among the major constraints developing countries face in using food aid as an effective and efficient development resource. The development projects WFP assists are normally organized, funded and managed by recipient governments themselves. In many cases, however, the proper management of WFP resources and accountability for their use requires considerable in-country WFP management support. Because of these needs, WFP has a strong commitment to training government counterpart staff, especially in management skills, including financial and performance reporting.

71. In all, 7,413 government counterpart personnel took part in training activities in a total of 47 countries in all regions in 1991. Courses concentrated on:

a) project design and implementation;
b) monitoring, reporting and evaluation;
c) project management;
d) food storage management;
e) office management;
f) accounting, recording keeping, etc.

72. Training of WFP staff is also significant: in 1991 more than one third of WFP staff took part in training activities.

73. The first of a series of regional workshops on project monitoring, reporting and evaluation, to familiarize WFP staff with revised procedures, was held in New Delhi in October for 30 country officers from nine duty stations in the Asia and Pacific region. A second workshop was held in Beijing, in November for 20 national and counterpart staff from that region. Additional workshops are being held during 1992-93 in the other regions, and for headquarters staff in Rome.

74. Reflecting WFP's increased emergency activities in 1991, four WFP staff participated in UNDRO training programmes in disaster management or in a food aid management course conducted by A.I.D. WFP also actively participated in training programmes for senior UN system representatives conducted under the auspices of the Consultative Committee on

Substantive Questions - Operational Activities (CCSQ/OPS) to strengthen field coordination. In October, WFP took part in a JCGP seminar on women-in-development held in Cameroon.

Development cooperation with other agencies and donors

75. WFP-assisted projects require financial, technical and managerial resources from recipient governments and other donors in addition to the food aid supplied by WFP. For the development projects approved in 1991, the proportion of total project costs covered by WFP ranged from 10 percent to 100 percent (in the case of assistance to Palestinians in Gaza and the West Bank). In general, WFP provided a greater proportion of total project costs in the poorest countries. Developing country governments usually covered the remaining costs. However, in a significant number of projects approved in 1991, external financing and technical support were also provided, mainly from the World Bank, the CEC, various governments providing bilateral assistance (including the Netherlands, the United States of America and the Federal Republic of Germany), United Nations agencies (including FAO, IFAD, ILO, UNDP, UNICEF and UNSO) and NGOs.

76. An example of the important role other agencies can play in improving the impact of WFP-assisted development activities is a UNDP/FAO umbrella project to provide technical support to WFP-assisted irrigation, pasture rehabilitation and forestry projects in China. In Bangladesh, a $2 million UNDP/DTCD project helps to improve the technical and management expertise of the Bangladesh Water Development Board, the Government agency responsible for executing the largest part of the $30 million a year WFP food-for-work project to improve irrigation, flood control and drainage.

77. In Ethiopia, a UNDP/FAO project will provide technical assistance to a newly-created Project Management Unit for a WFP-assisted project to rehabilitate forest, grazing and agricultural lands. The UNDP/FAO assistance will help to strengthen monitoring and evaluation and provide advice on technical expertise required for labour-intensive works.

78. Two of the development projects approved in 1991 were Joint Consultative Group on Policy (JCGP) initiatives, and will be implemented in cooperation with WFP's JCGP partners - UNICEF, UNDP, UNFPA and IFAD. Joint missions comprised of representatives from the JCGP agencies and donors visited Bolivia and Honduras during the year. The missions concluded that close coordination between the JCGP agencies had been highly effective in alleviating poverty and helping women.

79. WFP has recently taken steps to strengthen its support to NGOs. WFP has delegated to its country offices the authority to provide food (up to five percent of the value of WFP resources in any individual WFP-assisted project or an annual maximum of $200,000) as an additional commitment to local NGO-assisted projects that have similar objectives and beneficiary groups as WFP-assisted projects. The use of the NGO delegation is particularly appropriate for small-scale projects, which are the most successful in many situations, particularly in sub-Saharan Africa, and for experimentation with novel uses of food aid. Food delivered to NGOs under these procedures comes from ongoing development projects, to be replenished subject to the availability of resources. A decision to provide WFP food to an NGO is based on the WFP country office's assessment and confidence in the NGO. The NGO is held responsible for internal transport and storage, as well as for the distribution of the commodities, and must report to WFP on the use of the commodities.

80. The technical inputs needed for the design, appraisal and evaluation of WFP-assisted projects are provided mostly by United Nations technical agencies, primarily FAO, which provides nearly half the total, ILO, Unesco, WHO, Habitat and the United Nations Department of Technical Cooperation for Development.

Changes to WFP General Regulations

81. The issue of governance of the World Food Programme, which dominated the work of its governing body, the CFA, during 1990, was resolved in 1991. The report of the first Special Session of the CFA containing draft revised General Regulations of the Programme was submitted to the 99th Session of the FAO Council held in June and to the summer session of the Economic and Social Council of the United Nations (ECOSOC), both of which endorsed the changes and forwarded them to the FAO Conference and the United Nations General Assembly, respectively, for final approval, which came toward the end of the year. The changes came into effect at the beginning of 1992.

82. The following are the main changes brought about by the revision of WFP's General Regulations:

a) The CFA is enlarged from 30 to 42 members, and its composition is changed from an equal representation between developing countries and more economically developed countries to one in which developing countries have 27 members and more economically developed countries 15 members.

b) The CFA now exercises full inter-governmental supervision and direction for all aspects of the Programme, including food aid policy, administration, operations, funds and finances.

c) Responsibility for the administration of the former WFP Trust Fund, now called the WFP Fund, is transferred from the Director-General of FAO to the Executive Director of WFP, who is accountable to the CFA for the management of the Fund. In this context the Programme now has its own financial regulations to govern its operations.

d) Governments seeking emergency assistance now address requests to the WFP Representative in the country concerned. The Executive Director, after consultations with FAO and other relevant agencies, decides on requests up to the level of authority delegated to him to approve development projects. In cases of emergency requests exceeding the Executive Director's authority, approval is made jointly by the Executive Director and the Director-General of FAO. Previously all emergency operations involving use of WFP resources were approved by the Director-General of FAO upon recommendation by the Executive Director of WFP.

e) The Programme now has the authority to contract, acquire and dispose of property and be party to judicial proceedings.

f) The Executive Director is now accountable to the CFA for all aspects of the Programme. The Executive Director's authority on financial and operational

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matters, including appointment of staff up to and including the level of D-2, has been increased, corresponding to the greater responsibilities vested in the position.

Summary of major decisions taken and topics discussed by the CFA during its 1991 sessions

83. The CFA met three times during 1991, once in a special session and twice in regular session. The Special Session met on 18 March 1991. It approved changes to the WFP General Regulations and forwarded the revised texts to the Economic and Social Council of the United Nations and the FAO Council for their concurrence and onward transmission to the General Assembly of the United Nations and the FAO Conference for final approval. The main changes are summarized in paragraphs 81 and 82 above.

84. The Thirty-first Session met from 20 - 27 May 1991 and the Thirty-second Session from 3 - 6 and 13 December 1991. Membership of the Committee during 1991 is shown in Annex I.

a) Thirty-first Session of the CFA in Rome, 20 - 27 May 1991

Review of IEFR modalities

The Committee:

i) confirmed that the minimum annual target of 500,000 tons for the IEFR should be maintained;

ii) confirmed that the Executive Director had the authority to reimburse up to 100 percent of ITSH costs to LDCs and countries in similar situations and that donors to the IEFR should make an effort to grant means for that purpose;

iii) called upon the Executive Director to review his proposals concerning the establishment of a cash fund for the IEFR in the light of those discussions of the Committee and to establish a process of informal contacts with CFA members with a view to presenting a proposal to the Thirty-second Session;

iv) expressed satisfaction with the donor members' willingness to review their procedures, to make known in advance their pledges to IEFR, and to release the aid they supplied more rapidly;

v) took note that donors would notify the Programme as far in advance as possible of their overall emergency food aid allocations and provide it with full information on all bilateral allocations.

WFP pledging target 1993-94

The Committee:

i) endorsed the pledging target of 1.5 billion dollars for the 1993-94 biennium;

ii) called upon all donors to make a determined collective effort to achieve the target;

iii) recognized the crucial importance of at least one third of the pledges to the regular resources being made in cash and urged all donors to take steps to attain that objective;

iv) took note of the interim measures taken by the Executive Director to arrest further deterioration of the Programme's cash position in 1991;

v) agreed to monitor closely the Programme's cash situation;

vi) noted that the Executive Director would consult donors on measures to find long-term solutions to the Programme's cash problems and that proposals would be presented to the Committee at the Thirty-second Session.

Sub-Committee on Projects

The Committee decided to:

i) extend the mandate of the Sub-Committee on Projects for a further two CFA sessions;

ii) authorize the Chairman of the CFA to establish an *ad hoc* Working Group of Member States representative of the CFA composition, to be set up in accordance with the standard procedure for interregional consultation; that group would be asked to examine the role of the SCP in the project cycle, as well as its working methods and the question of extending its mandate, and to present a report together with preliminary proposals to the CFA during the Thirty-second Session of the CFA in December 1991;

iii) request the Secretariat to service the *ad hoc* Working Group and provide it with such documentation as it might consider necessary;

iv) limit the maximum number of members of that *ad hoc* group to 12.

b) **Thirty-second Session of the CFA in Rome, 3 - 6 and 13 December 1991**

The WFP budget for technical advisory, administrative and servicing expenses in 1992-93

The Committee, having considered the Executive Director's Programme of Work and Budget, and the comments of the FAO Finance Committee and the United Nations Advisory Committee on Administrative and Budgetary Questions:

i) approved the Programme of Work proposed by the Executive Director;

ii) resolved for the financial period 1992-93:

- to authorize appropriations for the following purposes:

Chapter I	- Secretariat: Headquarters	$78,287,900
	Secretariat: Country offices	$88,636,500
Chapter II	- Services provided by FAO	$18,638,000
Chapter III	- Services provided by the United Nations and other organizations	$4,926,300
Chapter IV	- Unallocated contingencies	$400,000
	Total appropriation	$190,888,700

- to authorize the Executive Director to recost the budget at the Italian lire/United States dollar rate of exchange approved at the Twenty-sixth Conference of the FAO;

iii) approved the transfer of the production of the WFP Journal and some other publications from Chapter II to Chapter I and authorized the establishment of two new General Service staff in the WFP Public Information Branch to take on that work; and

iv) authorized the Executive Director to transfer up to five percent of the amount in an appropriation line to another appropriation line(s);

v) requested the Secretariat to study the implications of the harmonization of the WFP pledging period and the budget cycle and present a report to the Committee for its consideration.

vi) noted the Executive Director's proposals regarding the upgrading of the post of Chief of the Transport Service to D-2 level, but in view of the budgetary implications deferred consideration of such changes pending a review and recommendation by the next Executive Director.

Financial Regulations of the World Food Programme

The Committee approved the WFP Financial Regulations, on a provisional basis conditioned by the approval of the United Nations General Assembly of the revised WFP General Regulations, and decided that they would take effect on 1 January 1992. The Committee asked that a revised document be placed before the May 1992 Session of the newly-constituted Committee reflecting the following:

Regulation 6.3 - amend to provide for a 60-day requirement for the detailed budget proposals to be distributed to member governments;

Regulation 8.3 - no change in the text, but the Executive Director would continue to take into consideration the internal regulations of

those countries which required interest on contributions to be credited to their accounts;

Regulation 11.2 - retain the provision for the appointment of the External Auditor for a four-year term, with the amendment that only one renewal for a further four-year term would be permissible. (In that context, the Committee agreed with the Executive Director's recommendation that for reasons of administrative expediency, the present External Auditor of FAO be appointed the External Auditor of WFP for the next immediate period of two years, whereafter the four-year cycle of appointment would apply.)

Rule 105.6 - to be moved into the Financial Regulations section.

Financing WFP operations

The Committee decided:

i) to approve the following temporary measures, recommended in paragraph 39 of the document, effective 1 January 1992:

- revised scale of fees on bilateral operations as contained in the annex to document CFA: 32/4;

- the inclusion of a charge of 10 percent of costs incurred by the Programme for additional staff and other administrative expenditures, as WFP support cost on contributions for complex emergency operations;

- the inclusion of a charge of four percent of the total value of commodity and transport costs as WFP support costs on all IEFR and PRO contributions;

ii) that the Chairman should form a working group to consider, in depth, alternatives to WFP's cash requirements for the long term, and prepare proposals for consideration by the Committee at its Thirty-fourth Session.

Review of IEFR modalities

The recommendations of the Executive Director were endorsed by the Committee, i.e.,

i) that a cash account, to be known as the Immediate Response Account, be established as an integral part of the IEFR for the purpose of purchase and delivery of emergency food aid for food shortage situations, to be appointed in accordance with project approval procedures consistent with WFP General Regulations;

ii) that an amount in cash be set aside annually from general resources in accordance with General Regulation 5(a) to serve as the nucleus of this account. For 1992 that amount would be $7.5 million;

iii) that the account be complemented by voluntary contributions, free of restrictions as to their use, so as to enable assured expenditure from the account of at least $30 million annually;

iv) that contributions to the account be normally pledged and paid as near as possible at the beginning of each calendar year, but otherwise as promptly as individual donors could arrange.

Report of the Working Group on the SCP and related matters

The Committee agreed that it was important for the work entrusted to the *ad hoc* Working Group to continue with a view to the presentation of concrete recommendations to the CFA. The Committee therefore decided that:

i) the *ad hoc* Working Group should be continued;

ii) the Chairman be authorized, in consultation with regional groups, to expand the size of the Working Group to reflect the new composition of the CFA;

iii) the size of the expanded Working Group should not exceed 21 members;

iv) the Working Group should meet in Rome for one week in the spring of 1992 after the full composition of the CFA had become known;

v) the Working Group should present a report containing concrete recommendations to a Special Session of the CFA, to be convened as soon as possible, for consideration and decision;

vi) authorize the Chairman, in consultation with the Secretariat, to make all necessary arrangements in that respect.

It was agreed that the views expressed during the deliberations of the Committee would provide guidance to the Working Group. The Secretariat informed the Committee that it would prepare a paper containing its views on the financial and workload implications of the various proposals for submission to the Working Group.

Establishment of a Working Group to consider WFP's cash requirements for the long-term

In conformity with the decision to form a working group to consider, in depth, WFP's cash requirements for the long term, the Committee decided:

i) to authorize the Chairman to establish such working group in consultation with regional groups;

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ii) that the working group should reflect the new composition of the CFA; and

iii) that the working group should prepare proposals for consideration by the Committee at its Thirty-fourth Session.

Special Session of the CFA

The Committee decided that the Special Session to be convened would consider the report of the *ad hoc* Working Group on the SCP and related matters, approve the WFP Financial Regulations, provisionally approved by the CFA at its current session, and also consider project Kenya 4616. The Special Session of the CFA might also review the Rules of Procedure of the Committee in the light of the enlarged membership and the enhanced mandate of the Committee.

GENERAL NOTES

1. All monetary values are in United States dollars ($), unless otherwise stated.

2. One billion equals 1,000 million.

3. All quantities are in metric tons, unless otherwise specified.

4. Low-income food-deficit countries include all food-deficit (i.e., net cereal importing) countries with per-capita GNP not exceeding the level used by the World Bank to determine eligibility for IDA assistance ($1,135 in 1989). In 1991, 74 countries were classified as low-income food-deficit.

5. The category of least developed countries (LDCs) was established by the United Nations General Assembly in its resolution 2768 (XXVI) of 18 November 1971. New criteria established in 1991 defined LDCs as "those low-income countries that are suffering from long-term handicaps to growth, in particular low levels of human resource development and/or severe structural weaknesses". In 1991, 47 countries were classified as LDCs.

6. Geographic regions referred to in this report are Africa, comprising all the countries of Africa, including the African islands; sub-Saharan Africa, comprising all African countries south of the Sahara except South Africa; North Africa and the Middle East, comprising the African countries north of the Sahara, the countries of the Middle East, Turkey and Afghanistan; Asia and the Pacific, comprising the countries of Asia east of Afghanistan and Pacific Island nations; Asia, comprising Turkey, the countries between the Mediterranean Sea and the Pacific Ocean, Southeast Asia and the Pacific Ocean Islands; Latin America and the Caribbean - or the Americas - comprising all American and Caribbean countries south of the United States of America.

7. Common acronyms:

ACC	Administrative Committee on Coordination (United Nations)
A.I.D	Agency for International Development (United States)
CIDA	Canadian International Development Agency
CFA	Committee on Food Aid Policies and Programmes
CEC	Commission of the European Communities (excludes national action of member countries of the European Community: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom)
DTCD	Department of Technical Cooperation for Development (United Nations)
FAC	Food Aid Convention
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
IDA	International Development Association
IEFR	International Emergency Food Reserve (WFP)
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
INTERFAIS	International Food Aid Information System (WFP)

IRA	Immediate Response Account of the IEFR
LDC	Least developed country
ITSH	Internal transport, storage and handling
JCGP	Joint Consultative Group on Policy, comprising UNDP, UNFPA, UNICEF, IFAD and WFP
M&E	Monitoring and evaluation
MCH	Mother and child health
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development (comprising Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America)
PRO	WFP protracted refugee and displaced person projects
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Coordinator
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNSO	United Nations Sudano-Sahelian Office (UNDP)
WFP	World Food Programme
WHO	World Health Organization

ANNEX I

CFA MEMBERSHIP IN 1991

1. In 1991 the members of the CFA were:

Australia	Denmark	Mexico
Bangladesh	Egypt	Netherlands
Belgium	Finland	Niger
Brazil	France	Pakistan
Burundi	Germany	Sudan
Canada	Guinea	Sweden
China	Hungary	Tanzania
Colombia	India	United Kingdom
Congo	Italy	United States of America
Cuba	Japan	Zambia

2. The CFA has been expanded to include 42 member countries beginning in 1992.

ANNEX II

STATISTICAL TABLES

TABLE 1: WFP DEVELOPMENT COMMITMENTS BY REGION, 1963-91 (millions of dollars)

Year	Total	Latin America and Caribbean		North Africa and Middle East		Sub-Saharan Africa		Asia and Pacific		Europe	
		Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)
1963-72	1 194	165	14	505	42	190	16	318	27	17	1
1973	129	6	5	44	34	22	17	57	44	-	-
1974	106	16	15	27	26	44	41	18	17	1	1
1975	393	58	15	89	23	67	17	177	45	2	0
1976	642	30	5	211	33	157	24	226	35	18	3
1977	367	51	14	106	29	60	16	150	41	-	-
1978	392	44	11	99	25	120	31	129	33	-	-
1979	492	5	1	58	12	193	39	234	48	2	0
1980	479	85	18	129	27	152	32	113	23	-	-
1981	543	36	7	109	20	239	44	156	29	3	0
1982	613	34	6	151	25	246	40	179	29	3	0
1983	696	112	16	124	18	168	24	291	42	-	-
1984	925	137	15	121	13	325	35	339	37	4	0
1985	642	62	10	151	23	192	30	238	37	-	-
1986	629	110	17	116	18	241	38	163	26	-	-
1987	621	110	18	79	13	227	37	205	33	-	-
1988	779	121	16	110	14	266	34	282	36	-	-
1989	575	106	18	144	25	141	25	184	32	-	-
1990	480	113	24	60	12	143	30	164	34	-	-
1991	448	89	20	61	13	165	37	133	30	-	-

Explanatory notes: Details and percentages in tables do not necessarily equal totals because of rounding; dollars refers to United States dollars, unless otherwise stated; a zero (0) indicates that the magnitude is less than 0.5 (half the unit used); (0.0) indicates that the magnitude is less than 0.05; a dash (-) stands for "nil"; use of a hyphen (-) between years, e.g., 1990-91, signifies the full period involved, including the initial and final years.

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TABLE 2: WFP DEVELOPMENT COMMITMENTS BY TYPE OF ACTIVITY, 1963-91 (millions of dollars)

Year	Total	Agricultural and rural development										Human resource development						Other	
		Agricultural production		Rural infrastructure		Settlement		Food reserves		Subtotal		MCH and primary schools		Secondary and higher educational training		Subtotal		Industry and mining	
		Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
1963-72	1 194	428	(36)	162	(14)	138	(11)	39	(3)	767	(64)	294	(25)	117	(10)	411	(35)	16	(1)
1973	129	52	(40)	27	(21)	7	(5)	-	-	86	(66)	28	(22)	15	(12)	43	(34)	-	-
1974	106	48	(45)	36	(34)	5	(5)	-	-	89	(84)	13	(13)	4	(3)	17	(16)	-	-
1975	393	133	(34)	41	(10)	46	(12)	-	-	220	(56)	169	(43)	4	(1)	173	(44)	-	-
1976	642	341	(53)	98	(15)	40	(7)	-	-	479	(75)	136	(21)	27	(4)	163	(25)	-	-
1977	367	125	(34)	35	(9)	56	(15)	6	(2)	222	(60)	125	(34)	20	(6)	145	(40)	1	(0)
1978	392	162	(41)	30	(8)	36	(9)	-	-	228	(58)	139	(36)	25	(6)	164	(42)	-	-
1979	492	217	(44)	62	(13)	44	(9)	4	(1)	327	(67)	149	(30)	16	(3)	165	(33)	-	-
1980	479	120	(25)	58	(12)	65	(13)	6	(1)	249	(52)	216	(45)	14	(3)	230	(48)	-	-
1981	543	202	(37)	105	(19)	128	(24)	14	(3)	449	(83)	75	(14)	19	(3)	94	(17)	-	-
1982	613	326	(53)	61	(10)	70	(11)	10	(2)	467	(76)	139	(23)	7	(1)	146	(24)	-	-
1983	696	343	(49)	63	(9)	66	(10)	-	-	472	(68)	208	(30)	15	(2)	223	(32)	-	-
1984	925	431	(47)	80	(9)	39	(4)	5	(0)	555	(60)	332	(36)	25	(3)	357	(39)	14	(1)
1985	642	345	(54)	102	(16)	37	(6)	15	(2)	499	(78)	107	(16)	37	(6)	144	(22)	-	-
1986	629	348	(55)	3	(5)	80	(13)	49	(8)	510	(81)	83	(13)	37	(6)	120	(19)	-	-
1987	621	211	(34)	70	(11)	17	(3)	-	-	298	(48)	307	(49)	16	(3)	323	(52)	-	-
1988	779	314	(40)	70	(9)	49	(6)	-	-	433	(56)	294	(38)	52	(7)	346	(44)	-	-
1989	575	326	(57)	21	(4)	39	(7)	1	(0)	388	(67)	162	(28)	26	(5)	188	(33)	-	-
1990	480	141	(29)	51	(11)	18	(4)	-	-	210	(44)	260	(54)	10	(2)	270	(56)	-	-
1991	448	189	(42)	92	(21)	5	(1)	6	(1)	292	(65)	134	(30)	2	(5)	156	(35)	-	-

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TABLE 3: WFP COMMITMENTS FOR PROTRACTED REFUGEE AND DISPLACED PERSON PROJECTS BY REGION, 1989-1991 (millions of dollars)[1]

Year	Total	Latin America and Caribbean		North Africa and Middle East		Sub-Saharan Africa		Asia and Pacific	
		Value	Share in total %	Value	Share in total %	Value	Share in total %	Value	Share in total %
1989	266.4	2.5	1	20.1	8	121.0	45	122.8	46
1990	335.6	3.7	1	18.0	5	189.8	57	124.1	37
1991	557.7	2.7	0	20.0	4	425.0	76	110.0	20

[1] Including budget revisions.

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TABLE 4: WFP COMMITMENTS FOR EMERGENCY OPERATIONS BY REGION AND TYPE, 1987-91 (millions of dollars)[1]

Region		Total operations[2]			Sudden natural disasters			Man-made disasters			Drought/crop failures		
		No.	Value	Share in total %	No.	Value	Share in regions' total	No.	Value	Share in regions' total	No.	Value	Share in regions' total
All regions	1987	79	271	100	6	8	3	57	186	69	16	77	28
	1988	65	254	100	6	28	11	43	176	69	16	50	20
	1989	46	93	100	2	1	1	35	72	78	9	20	21
	1990	32	132	100	5	4	3	17	98	74	10	30	23
	1991	44	391	100	5	7	2	26	243	62	13	141	36
Latin America and Caribbean	1987	11	21	8	-	-	-	8	15	71	3	6	29
	1988	6	16	6	2	6	35	3	7	43	1	4	21
	1989	3	2	2	-	-	-	3	2	100	-	-	-
	1990	1	3	2	-	-	-	1	3	100	-	-	-
	1991	-	-	-	-	-	-	-	-	-	-	-	-
North Africa and Middle East	1987	5	17	6	-	-	-	5	17	100	-	-	-
	1988	7	7	3	-	-	-	6	6	85	1	1	15
	1989	8	10	11	1	0	3	6	9	90	1	1	7
	1990	5	14	11	1	1	7	3	11	79	1	2	14
	1991	6	104	27	-	-	-	6	104	100	-	-	-
Sub-Saharan Africa	1987	48	161	59	1	0	0	36	104	65	11	57	35
	1988	42	164	65	1	4	2	30	127				
	1989	29	74	79	-	-	-	24	60	81	5	14	19
	1990	23	112	85	1	1	1	13	83	74	9	28	25
	1991	31	278	71	-	-	-	18	137	49	13	141	51
Asia and Pacific	1987	15	72	27	5	8	11	8	50	69	2	14	20
	1988	10	66	26	3	18	27	4	37	55	3	12	18
	1989	6	7	8	1	1	11	2	2	22	3	5	66
	1990	3	3	2	3	3	100	-	-	-	-	-	-
	1991	7	9	2	5	7	78	2	2	22	-	-	-

[1] As from 1989, excludes commitments for protracted refugee and displaced person projects.
[2] Expansions of emergency operations are counted separately.

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TABLE 5: WFP EXPENDITURE[1] ON DEVELOPMENT PROJECTS, EMERGENCY OPERATIONS AND PROTRACTED REFUGEE AND DISPLACED PERSON PROJECTS BY RECIPIENTS' ECONOMIC OR SPECIAL STATUS CATEGORY, 1987-91 (millions of dollars)

Category	1987		1988		1989		1990		1991[2]	
	Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)	Value	Share in total (%)
All WFP recipients	716	100	874	100	758	100	760	100	1 079	100
By income group (GNP per capita[3])										
500 dollars or less	524	73	622	71	517	68	495	65	776	72
501 - 1 500 dollars	122	17	194	22	186	25	201	26	200	18
1 501 - 2 500 dollars	67	9	57	6	38	5	51	7	60	6
over 2 500 dollars	4	0	3	0	16	2	13	2	43	4
By special status category										
Least developed countries	286	40	355	41	400	53	364	48	578	53
Landlocked countries	89	12	136	15	169	22	129	17	156	15
Low-income food-deficit countries	529	74	659	75	645	85	647	85	931	86

[1] Excludes programme support and administrative costs as well as expenditures on insurance premiums and warehouse facilities that cannot be apportioned by recipient. From 1987 to 1991 the latter amounted to 3.0, 3.3, 3.7, 3.7 and 1.8 millions of dollars, respectively.
[2] Provisional.
[3] Actual for each year except for 1991, for which the GNP per capita in 1990 was applied. Based on World Bank Atlas for each year.

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INTERNATIONAL COOPERATION FOR ECONOMIC GROWTH AND DEVELOPMENT: IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1992
Item 12 (a) of the provisional agenda**
DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

Report of the Secretary-General

SUMMARY

The Persian Gulf war, recession in the developed market economies and the dissolution of the Soviet Union threatened to upset some of the basic premises of the Strategy soon after it was launched.

The Persian Gulf crisis had little impact at the global level. The recession in the developed market economies, however, turned out to be deeper and more persistent than predicted; and while a recovery is now expected in the second half of 1992, it is likely to be weak. The former Soviet Union and Eastern Europe will not soon become the new source of growth of the developing countries that the Strategy premised them to be.

The international economic environment has not been conducive to growth and development in other respects either. Though short-term interest rates have come down in most countries, long-term rates remain high. The Uruguay Round of the General Agreement on Tariffs and Trade (GATT) has remained stalled. Increases in external development finance have not materialized and the "peace dividend" has proved elusive.

* A/47/50.

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The pattern of growth and development in developing countries in 1991 remained essentially unchanged. Per capita incomes were stagnant or declined in Latin America, Africa, Western Asia, and the Mediterranean region; they rose in South and East Asia, though less than before, and there was a substantial increase only in China. Forecasts for 1992 are along the same lines, although with acceleration in Asia and some improvement in Latin America.

Development finance remains scarce. Some of the major donors are saddled with large fiscal deficits and deteriorating domestic economic and social conditions, constraining their ability and willingness to make new and additional resources available. While many view reducing military expenditures and eliminating agricultural subsidies as sources for additional development finance, it is not evident that this will materialize soon.

The need for domestic economic reform was stressed in the Strategy, and many developing countries have undertaken major policy reforms aiming at greater reliance on market forces and the private sector, stabilization and monetary and fiscal discipline, more realistic exchange rates and trade liberalization. In addition, many have embarked on democratization, popular participation, and greater respect for human rights. But without economic growth, improving the human condition is almost impossible. The adoption of policies and measures that entail considerable social cost without external support to mitigate those costs is politically unsustainable and puts fragile democracies at risk.

The eradication of poverty and hunger, human resources development, slowing population growth and environmentally sound and sustainable development are the four priority aspects of development identified in the Strategy. It is too early to discern major changes in these priority areas, but as government budgets are increasingly squeezed almost everywhere, outlays devoted to improving the human condition are probably being reduced in most countries.

The reversal of the trends in the first 18 months of the decade will require decisive efforts in virtually all countries. Developing countries should continue their economic reform process and consolidate gains from their stabilization and adjustment programmes in order to enhance investment opportunities. Developed countries should restore the primacy of economic growth. By expanding their production frontiers, developed countries will not only dynamize world trade, weaken protectionist pressures and improve prospects for primary commodities, but will also create new resources that would be an additional source of finance for investments in the North and the South.

IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

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INTRODUCTION

1. The present report was prepared in response to General Assembly resolution 45/199 and its annex entitled "International Development Strategy for the Fourth United Nations Development Decade" and adopted by consensus on 21 December 1990 at the forty-fifth session of the Assembly. In section VI of the annex, the Assembly sets forth a process of review and appraisal of the Strategy. While the Assembly recognized that the machinery for continued monitoring already existed and that review and appraisal was already built into the procedures of the United Nations, particularly at the sectoral level, the Assembly nevertheless felt the need for a review and appraisal of progress towards attaining the goals and objectives of the Strategy as a whole and requested the Secretary-General to undertake such a review and appraisal on a biennial basis.

2. The present report is the first of these reviews and appraisals. Less than a year and a half has passed since the Strategy was adopted, but in this time the assumptions on which it was based have been upset by unanticipated developments. The report is thus largely devoted to a review of how they have affected the prospects for the Strategy. It does not contain an account of the sectoral activities in furtherance of the Strategy carried out by the agencies, bodies, organs and organizations of the United Nations system. The latter, as the Strategy notes, is already accomplished through annual reports of the various entities of the United Nations system.

I. SUMMARY AND CONCLUSIONS

3. Three major developments threatened to upset some of the basic premises of the Strategy soon after it was launched: the Persian Gulf war, recession in the developed market economies and the dissolution of the Soviet Union.

4. In the event, the crisis and war in the Persian Gulf region left little trace at the global level, despite its continuing impact on Iraq and the great losses of home countries of the migrant labourers in Kuwait and Iraq. Oil prices have returned to pre-crisis levels.

5. The recession in the developed market economies, however, turned out to be deeper and more persistent than predicted. While a recovery is now expected in the second half of 1992, it is likely to be weak. The resumption of growth in the industrialized economies, a major premise on which the Strategy based its objective of accelerated development in developing countries, has not materialized.

6. The international economic environment has not been conducive to growth and development in other respects either. Although short-term interest rates have come down in most countries, long-term rates remain high. The Uruguay Round has remained stalled. Increases in external development finance have not materialized and the "peace dividend" has proved elusive.

7. The disintegration of the USSR and the economic contraction in Eastern Europe have had a relatively minor impact on the world economy, except for those countries that had close trade relations with the former USSR. The Strategy saw reform and restructuring in Eastern Europe as a potential new source of growth and development for developing countries, largely through expanded trade, but that seems highly unlikely during the first half of this decade. Financial flows to developing countries have not contracted and it cannot be shown that they would have been greater if the new calls for assistance to Eastern Europe had not arisen. However, there has clearly been a considerable diversion of attention.

8. The pattern of growth and development in developing countries in 1991 remained essentially unchanged. As tables 1 and 2 show, per capita incomes were stagnant or declining in Latin America and the Caribbean, Africa, Western Asia and the Mediterranean region; they rose in South and East Asia, though less than before, and there was a substantial increase only in China. Forecasts for 1992 are along the same lines, although with acceleration in Asia and some improvement in Latin America.

9. The Strategy emphasized the need for additional financial resources, but development finance remains scarce. Some of the major donors are saddled with large fiscal deficits and deteriorating domestic social and economic conditions, constraining their ability and willingness to make new and additional resources available. While many view reducing military expenditures and eliminating agricultural subsidies as sources for additional development finance, it is not evident that this will come about soon. Although military outlays are being reduced, the savings may well be applied first to reducing deficits or financing domestic social and physical infrastructure.

10. The need for domestic economic reform was stressed in the Strategy, and many developing countries have undertaken major policy reforms aiming at greater reliance on market forces and the private sector, stabilization and monetary and fiscal discipline, more realistic exchange rates, and trade liberalization. In addition, many have embarked on democratization, popular participation and greater respect for human rights. But without economic growth, improving the human condition is almost impossible. Adoption of policies and measures that entail considerable social cost without external support to mitigate those costs is politically unsustainable and puts fragile democracies at risk.

11. The eradication of poverty and hunger, human resources development, slowing population growth and environmentally sound and sustainable development are the four priority aspects of development identified in the Strategy. It is too early to discern major changes in these priority areas, but as government budgets are increasingly squeezed almost everywhere, outlays devoted to improving the human condition are probably being reduced in most countries.

Table 1. Developing countries: real GDP per capita 1990-1992

(1990 = 100)

	1990	1991	1992 a/
Developing countries	100	101.3	103.6
Latin America and the Caribbean	100	100.6	101.0
Africa	100	99.8	100.0
South and East Asia	100	103.1	106.5
China	100	105.5	111.2
Western Asia	100	97.2	98.4
Mediterranean	100	91.5	92.4

Source: United Nations Secretariat, Department of Economic and Social Development.

a/ Forecast.

Table 2. Developing countries: real per capita income a/ 1990-1992

(1990 = 100)

	1990	1991	1992 b/
Developing countries	100	100.5	103.2
Latin America and the Caribbean	100	100.1	101.9
Africa	100	98.1	99.8
South and East Asia	100	102.5	106.2
China	100	106.1	111.1
Western Asia	100	94.4	95.8
Mediterranean	100	92.2	90.9

Source: United Nations Secretariat, Department of Economic and Social Development.

a/ GDP adjusted for net interest and dividend payments and terms-of-trade changes.

b/ Forecast.

12. In the light of developments in the early 1990s, are the goals and objectives of the Strategy still valid? Unlike its predecessors, the Strategy for the 1990s does not set specific targets but only broad goals in critical areas. Furthermore, the Strategy recognizes that many of its objectives can be realized only in the medium and long terms. In this sense, its goals and objectives remain valid.

13. None the less, a number of concerns have already become more prominent than at the time when the Strategy was adopted. The repercussions of the disintegration of the Soviet Union for international economic relations are one such concern. The integration of the Eastern European countries and the successor republics of the Soviet Union in the world economy as well as their own transformation will be a long and difficult process.

14. The environment is identified as a priority aspect of development in the Strategy, but the extensive programme adopted at the United Nations Conference on Environment and Development goes farther than anticipated in the Strategy and spells out in considerably greater detail the large number of issues involved in the pursuit of sustainable development.

15. The Strategy was conspicuously silent on the subject of international migration; there is as yet no internationally agreed approach to movements of people induced by economic incentives. However, in the brief period that has elapsed since the adoption of the Strategy, concerns about such migration have grown and economic assistance is frequently presented as a way to ward off mass movements of people.

16. The reversal of the trends in the first 18 months of the decade will require decisive efforts in virtually all countries. Developing countries should continue their economic reform process and consolidate gains from their stabilization and adjustment programmes in order to enhance investment opportunities. Developed countries should restore the primacy of economic growth. By expanding their production frontiers, developed countries will not only dynamize world trade, weaken protectionist pressures and improve prospects for primary commodities, but will also create new resources that would be an additional source of finance for investments in the North and the South.

II. REACTIVATION OF DEVELOPMENT

A. World economic growth in 1991 and short-term prospects 1/

1. Overview

17. One of the goals of the Strategy is a surge in the pace of economic growth in the developing countries. It calls for "more than marginal increases in growth rates" and suggests that a sustained annual economic growth rate of 7 per cent would provide the necessary conditions for a genuine transformation of the developing countries.

18. But world output declined in 1991 for the first time since the end of the Second World War, and projections indicate only a modest recovery of growth in 1992. A big factor in the fall of world output in 1991 was the sharp decline in Eastern Europe and the former USSR, but there was also a deceleration of growth in the industrial economies, many of which were in recession. The developing countries grew as slowly as before the Strategy was adopted.

2. Developed market economies

19. The Strategy notes that the major industrialized countries influence world economic growth and the international economic environment profoundly and they therefore should continue their efforts to promote sustained growth and to narrow imbalances. The early 1990s were not auspicious on this score.

20. The developed market economies as a whole grew by only around 1 per cent in 1991 and are projected to grow by under 2 per cent in 1992. By late 1991 five of the major seven economies were in recession and unemployment had reached its highest level since the early 1980s in many countries: in 1991 it increased by 3 million people.

3. Economies in transition

21. Putting a new system in the place of central planning has proved considerably more difficult than expected and, although the private sector has started to grow, it is still too small to arrest the decline. A savage economic contraction has taken place for which no precedent in industrialized countries exists. Output declined by around 16 per cent in 1991 and is expected to decline further by 12 per cent in 1992. Investments have fallen to levels of the mid-1970s. With deep cuts in investments, essential maintenance has been neglected, thereby threatening even the viable capital stock.

22. The social costs of this disruption are high. The number of unemployed has dramatically increased and the private sector is too small to absorb the unemployed. Social safety nets are inadequately funded, poverty is growing and homelessness is increasing.

23. All the new republics that once made up the USSR can be considered middle- or low-income countries. Among these, the Asian republics are the most vulnerable as they used to receive considerable resource transfers from the other republics.

4. Developing countries

24. The developing countries as a whole grew at a sluggish rate of 3.4 per cent in 1991, which was no different from the rate of growth of the previous two years. But there was great diversity among regions. Growth is projected at around 4.5 per cent for 1992.

(a) Latin America and the Caribbean

25. Economic growth in Latin America and the Caribbean amounted to 2.6 per cent in 1991 or a marginally positive per capita growth for the first time since 1987. Still, the regional gross domestic product (GDP) per capita is lower than in 1980.

26. However, inflation has abated, which has improved short-term prospects. External debt problems have become more manageable and adjustment and stabilization efforts have been more successful. Nevertheless, these achievements are still fragile.

27. All the countries of the region have moved towards free markets, trade liberalization and a reduced role of the State in the economy. Restoration of fiscal balances is generally viewed as essential to macroeconomic policy. Inflation is largely fought through fiscal policies and curtailment of real wages in the formal sector. Deficits have been reduced substantially as fiscal austerity has intensified.

28. Owing to the recession in the industrialized countries and greater domestic absorption in some countries, export revenues stagnated in 1991 after rapid growth in previous years. Imports surged as a result of economic recovery and trade liberalization.

29. The burden of servicing the external debt eased as international interest rates declined. As a result of the large differential between domestic and international rates of interest as well as the restoration of investor confidence, there has been a surge in private capital inflows and a return of capital. Consequently, the net financial transfer to Latin America turned positive for the first time since 1981. However, with the shift in capital flows, currencies have appreciated causing imports to rise faster than exports.

(b) Africa

30. Growth of output in Africa was about 3 per cent in 1991, which was less than population growth. The Persian Gulf crisis affected the region in the first half of 1991 but in the second half tourism and workers' remittances returned to normal and energy prices fell.

31. Inflation accelerated in 1991 and terms of trade continued to deteriorate. Export revenues did not increase despite increase in volume.

32. Food production increased but in a number of countries it was severely affected by civil strife and drought. Famine is threatening an estimated 34 million persons on the continent. Poverty continues to increase and is pervasive in rural areas as little progress has been made in creating off-farm employment. Population growth rates are still high, and commodity prices continue to decline. Even under normal conditions there is lack of credit, poorly developed marketing, distribution and transportation systems, inadequate extension services and untimely delivery of fertilizers and seeds.

33. A large number of African countries are pursuing economic reform. However, for many countries too little time has elapsed since the adoption of structural adjustment measures to expect any results.

34. Many African countries have reduced budget deficits by privatizing State-owned enterprises, by increasing tax revenue and by reducing payroll expenditures. However, some economic reforms lead to reduced government revenues in the short term. This is particularly true of trade liberalization as 25 per cent of government revenues is derived from tariffs in almost all African countries. Export tax revenues have declined because of declining commodity prices.

35. Of potentially major consequence for the continent are the political changes that are taking place in South Africa. The country has the potential to become a supplier of capital and technology-intensive goods to the rest of Africa and could become a financial centre.

(c) Western Asia and the Mediterranean

36. The economic situation in Western Asia has been largely marked by the Persian Gulf crisis and war. The economies of Iraq and Kuwait were devastated and their output plunged, but output rose in the major energy-exporting countries. Loss of trade, tourism and workers' remittances affected the energy-importing and poorer countries of the region, and total GDP of the region declined in 1991. Economic activities have recovered after the end of the hostilities, but almost all countries of the region are facing increased budget deficits as a result of war-related spending. This includes spending on social services for returnees and refugees.

37. Per capita incomes in Western Asia fell in 1991 and are unlikely to rise in 1992. Reconstruction has begun but widespread human suffering in several of the countries in the region renders the attainment of the objectives of the Strategy extremely difficult, if not impossible.

38. In the Mediterranean region growth collapsed with civil war and ethnic violence in Yugoslavia and sharp deceleration of growth in Turkey. However, in the latter country expansionary fiscal policies and the end of the Persian Gulf war have led to economic recovery in the second half of 1991.

(d) South and East Asia and China

39. Economic growth accelerated in China in 1991. Its gross national product (GNP) grew by 7 per cent or 2 per cent more than in 1990.

40. South and East Asia remained the fastest growing region in the world in 1991 at 5.4 per cent, although this was 1 per cent less than in 1990. On the whole it showed a remarkable resilience to the unfavourable international economic environment. Growth in domestic demand rather than growth in exports was largely responsible for this performance, although exports also grew fast. With the exception of the Philippines and India all the economies of the region grew much faster than their rates of population growth.

41. Against a backdrop of a very weak international economy, the performance of most Asian developing economies suggests that autonomous growth impulses have become more important. Short-term prospects point to continuing high rates of growth. The lessons of this performance should be analysed further as they might provide insights for other developing countries when formulating policies.

42. There is room for a considerable reduction in military expenditure, which has diverted funds away from infrastructure and social services. Following the end of the cold war and the settlement of the Cambodian conflict, a coordinated reduction in military expenditures throughout the region should be possible. The savings from such a reduction can be mobilized for poverty alleviation in a region which has more people below the poverty line than the entire population of Africa.

B. Policy stances and the medium- to long-term outlook

43. The Strategy notes that the major industrialized countries have a special responsibility to bring about a stable and predictable international economic environment in which development can succeed. These countries, the Strategy emphasizes, should aim at correcting existing external and fiscal imbalances, promoting non-inflationary sustainable growth, lowering real rates of interest, and making exchange rates more stable and markets more accessible.

44. The emphasis on increased price stability by monetary authorities in developed market economies in the early 1990s has created a less inflationary global environment. But growth decelerated and recovery is expected to be comparatively weak and the rate of growth is expected to remain modest throughout the first half of the 1990s.

45. The trend towards policy reform in developing countries has intensified. Major steps have been taken to open up their economies and to broaden opportunities for private initiative. There is also a perception that there is no substitute for a macroeconomic framework characterized by fiscal prudence, sound monetary policies and exchange rates that duly reflect relative scarcities and do not inhibit exports. Emphasis on human resource

development, a key aspect of the Strategy, is also present in plans, national strategies or development programmes. All of this leads to a more favourable assessment of medium-term prospects. Indeed, with reform programmes in place, there is now more optimism about sustained economic growth in Asia at comparatively high rates and about a significant recovery in Latin America.

46. The prospects in Africa appear more clouded despite reform measures in a significant number of countries. The response of private agents remains limited and investments and international financial support have not yet picked up. There are few signals of improved food security. The danger of unfavourable weather leading to a major set-back in agricultural production and threatening other development programmes is still present.

47. At least 13 countries in eastern and southern Africa are currently experiencing a severe drought. Besides the direct devastating effect on food production, the drought is likely to have adverse effects on domestic incomes, capacity to import non-food items, employment and inflation.

48. If countries are to achieve the volume of investments commensurate with the objectives of the Strategy, savings have to increase considerably. Such an effort may in some countries be facilitated by the reduction in conflicts and border tensions accompanied by regional security agreements.

49. The transformation in Eastern Europe and the republics that used to constitute the USSR will require considerable technical and financial support from the international community. If truly additional resources are not found in traditional donor countries or provided to multilateral institutions, there is the danger of a massive reallocation of resources and a diversion from the tasks envisioned in the Strategy. Once the economies of Eastern Europe and of the former USSR start expanding again, they will constitute an important growth pole for the world economy. However, it is unlikely that this will occur during the 1990s.

1. External debt

50. The Strategy observes that development during the 1990s should not be hampered by prolonged failure to resolve the international debt problem, and that innovative solutions need to be found and relief obtained in the initial years of the decade.

51. Today's international debt strategy recognizes that many heavily indebted countries cannot work themselves out of their debt overhang and that some debt has to be written off as uncollectible while debtor countries undertake the structural changes that are required for adjustment. Although debt remains a major problem for a number of developing countries, progress has been made in debt rescheduling and debt forgiveness.

52. The total stock of debt owed by the capital-importing developing countries at the end of 1991 was virtually unchanged from the year before. The total amount of debt in dollar terms stayed at about the level of 1987, but as a share of GDP it fell from 50 per cent in 1987 to 36 per cent in 1991, showing little change from 1990. The stock of debt declined slightly in 1991 in Africa and Latin America but increased in Asia.

53. At the London Economic Summit in July 1991, the Group of Seven recognized that debt relief "well beyond the Toronto terms" was needed for the lower-income countries whose debt burden was high. In reponse to this call, the Paris Club introduced new, exceptional terms towards the end of 1991. Consequently, pressure stemming from official debts has eased in a number of countries as partial debt forgiveness and more favourable reschedulings have become more frequent in the Paris Club negotiations. However, no consensus has been reached among the bilateral creditors on the more generous "Trinidad terms".

54. Negotiations to restructure the debt owed to international commercial banks have in recent years been conducted under the so-called Brady initiative. Lower interest rates and debt renegotiations, including debt rescheduling and debt reduction clauses, have eased the balance-of-payment pressures of several developing countries with large commercial debts.

55. Besides negotiations under the international debt strategy, both large- and small-scale debt conversions have continued to take place. Large-scale debt-for-equity swaps were made in conjunction with privatization measures and some debt-for-nature swaps have also been made.

56. One reason for guarded optimism is that certain heavily indebted countries, mainly in Latin America, are again considered creditworthy. The big improvement in the net transfer of resources of these countries in 1991 shows that the principal benefit of the debt regularization process is the encouragement of direct investment, the return of flight capital, foreign portfolio investment and new lending. While the debt crisis has been blunted, it has not yet been solved. Many countries have made great strides but other countries, including some of the poorest, still have a long way to go.

2. External development finance

57. Adequate resources, both domestic and external, are an essential condition for the reactivation of development, the Strategy notes.

58. In 1991, the net transfer of financial resources from developed market economies to the developing countries amounted to about $24 billion. This represents a major turnaround from previous years when net financial transfers went in the opposite direction. The $5 billion that was transferred in 1991 to the capital-importing developing countries represents a net swing of $36 billion compared to 1990, mostly in favour of the heavily indebted countries. Some small amount was also transferred to the countries of Eastern

Europe and of the former Soviet Union. However, if financial assistance proposals for the successor republics are implemented, the net transfer to those countries in 1992 will be quite large.

59. Developing country borrowing on international markets has begun to rise. Market access is still limited, with most of the borrowing done by Asian developing countries, although some Latin American countries are also participating. African countries showed virtually no activity in these markets and, for them and other countries with limited access to private markets, official assistance remains crucial.

60. The net flow of foreign direct investment has not increased much in the past few years. The flow to capital-importing developing countries rose from around $8 billion in the mid-1980s to $17 billion in 1989 but remained at about the same level in 1990 and may have increased to around $19 billion in 1991.

61. Exceptional circumstances led to a sharp increase in official flows in 1990. Official grants rose from $14 billion in 1989 to around $29 billion in 1990 and around $32 billion in 1991, largely due to increased grants to countries affected by the Persian Gulf crisis. In 1992 official flows are expected to fall to more normal levels. The medium-term outlook is not promising. Official development assistance (ODA) in real terms is at most expected to grow at 2 per cent per year.

62. A major test of the prospects for ODA will be the negotiations currently under way for the tenth replenishment of the International Development Association (IDA), the concessional lending facility of the World Bank. This replenishment will cover the period June 1993 to June 1996 and should entail a substantial increase over the previous one. In addition to meeting the needs of the long-term IDA recipients, resources will be needed for new low-income member countries, of whom eight were admitted to IDA membership since the last replenishment, not counting the successor States of the Soviet Union.

63. The delay in implementing the intergovernmental commitment on the ninth quota review of the International Monetary Fund (IMF), which will raise Fund lending by 50 per cent, is a particularly serious matter in view of expected demands on Fund resources from the successor States of the former Soviet Union.

64. Still, lending by IMF rose appreciably in 1991, in part to the economies in transition but also to the developing countries for which lending on a net basis turned positive for the first time since 1985, mainly on account of lending through the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF).

65. On the other hand, the International Finance Corporation (IFC), an affiliate of the World Bank that supports enterprise development, cut back its commitments in 1991 for the second year in a row, partly because of the capital constraints on the facility.

66. The Strategy notes that economic reforms and the integration of Eastern Europe into world markets will generate substantial new demands for resources and insists that such needs should be met without diversion of the flows needed by developing countries.

67. At present, the economies in transition are virtually excluded from the world's capital markets. Therefore, external finance will have to be provided through official entities, mainly in the context of adjustment and development programmes agreed with IMF, the World Bank, and the European Bank for Reconstruction and Development (EBRD).

68. Since 1989 the industrialized countries have pledged $45 billion to speed economic recovery in Eastern Europe but only about 20 per cent of this has been disbursed. In April 1992 a multilateral financial assistance package for the Russian Federation was announced by the Group of Seven and earlier in 1992 almost $79 billion had been committed by a large group of donors for humanitarian and emergency assistance to the Commonwealth of Independent States. Much of this assistance has still to be disbursed, and therefore the additional needs are difficult to gauge.

3. International trade

69. Growth and development and the solution of the pressing problems facing the developing countries are dependent on an open and credible multilateral trading system based on the principles of non-discrimination and transparency, the Strategy argues. Therefore, a successful and balanced conclusion of the Uruguay Round is crucial for progress in the 1990s.

70. The growth of international trade slowed down from over 8 per cent in 1988 to under 5 per cent in 1990 and to about 3 per cent in 1991. Although it is expected to improve in 1992, the medium-term outlook is not for robust growth. Until May 1992, negotiations under the Uruguay Round remained stalled.

71. Meanwhile, trading blocs are emerging in increasing numbers and have raised fears of exclusion among non-participants. The Strategy recognizes the great potential for economic cooperation among developing countries (ECDC) in order to create trade opportunities among themselves. In the early 1990s a number of free trade agreements were either established or further strengthened, for example, the African Economic Community, the Preferential Trade Area for Eastern and Southern Africa, the Association of South-East Asian Nations (ASEAN), the Caribbean Economic Community (CARICOM), and the Southern Cone Common Market (MERCOSUR).

72. Market intervention, protectionism and subsidization of agriculture in developed market economies send the wrong signals to developing countries. They also inhibit developing economies that are attempting to diversify agricultural production.

73. While the Strategy notes that the reform and restructuring of the economies of Eastern Europe and their integration into the world economy can contribute to the strength and dynamism of world trade, evidence so far points in the opposite direction. Exports from Eastern Europe and the former Soviet Union fell almost 22 per cent in 1991 and their imports contracted by 30 per cent.

74. The progressive integration of the world economy and the growing concern with environmental issues have combined to stimulate a greatly increased interest in the interaction between trade and trade policies on the one hand and environmental issues on the other. This will rank high on the agenda of future multilateral trade negotiations.

4. Commodities

75. The average price of non-fuel commodities declined by more than 6 per cent in 1991 in nominal dollar terms and about the same in terms of prices of manufactured goods. Although this was an improvement over the decline in real terms of almost 15 per cent in 1990, it constituted a further worsening of the depressed levels of commodity prices and earnings which, as the Strategy points out, will continue to play a key role in the economies of most developing countries in the 1990s. Real prices of commodities (in terms of prices of manufactures) were 25 per cent lower than in the mid-1980s. They are unlikely to recover significantly in the near future.

76. Energy prices rose sharply in 1990 as a result of the Persian Gulf crisis but declined in 1991 to the 1989 level. In 1991 prices in nominal terms were not much higher than in 1986 and much lower in real terms.

5. Science and technology and industrial policies

77. The Strategy warns that a sustained acceleration of the development process will not take place unless developing countries participate in the progress made possible by advances in science and technology.

78. The current technological revolution continues to bypass large parts of the developing world. However, some of the economies of South and East Asia have demonstrated that the technological progress of the West can be repeated elsewhere. The Asian experience, though often considered non-transferable, can provide important lessons for other developing countries.

79. The Strategy stresses that an acceleration in the process of industrialization must be a central element in the economic transformation of most developing countries and in the reactivation of development in the 1990s. Consequently, policies and measures to promote industrialization must be a major plank in the Strategy for the 1990s.

80. The prospects in this regard, particularly for sub-Saharan Africa and to a lesser extent the Latin America and the Caribbean region, are bleak. During the 1980s, these two regions had an annual manufactured value-added growth of 0.5 and 1.6 per cent respectively. This is well below population growth rates and implies negative growth of per capita industrial activity. A number of countries, mostly in Asia, continue to make large strides in industrialization, mainly based on outward-looking policies but also, in recent times, taking advantage of their own internal dynamism. In a far greater number of countries, especially in Africa, industrial production continues to stagnate and a viable industrialization strategy is still to emerge.

81. The failure of import-substitution strategies is giving way to policies that take into account international market opportunities on both the export and the import side and aim at economies of scale. This is also reflected in the efforts of developing countries to revitalize existing integration schemes or establish new ones. The principal aim is not as in the past to prevent third parties from penetrating domestic markets, but to open markets to members of the integration scheme while gradually reducing barriers to the outside world.

82. Direct foreign investment, the Strategy notes, can make an important contribution to industrialization in developing countries. As noted above, the flow of foreign investment to developing countries has increased. The bulk of it, moreover, goes to the already dynamic and industrializing countries. Almost everywhere, however, developing countries are establishing new laws and welcoming foreign investment.

6. Agriculture

83. Food and agriculture remain critical issues for most developing countries. Today, agriculture is viewed as a priority area in many countries. There is general recognition of the importance of market forces, particularly in marketing and distribution. At the same time, a strong public sector is needed for rural infrastructure, agricultural technology generation and diffusion and direct nutrition interventions.

84. A number of developing countries have encouraged domestic production of food staples, with higher guaranteed prices for producers. Partly as the result of this, some Governments have been forced to increase consumer prices of basic foods, thus increasing problems of food access among vulnerable sections of their populations. There have also been initiatives in a wide range of developing countries to liberalize stock management and marketing arrangements, with the private sector taking an increasingly prominent role.

III. THE HUMAN CONDITION

85. The Strategy recognizes that the benefits resulting from economic growth have to be equitably distributed and the environment protected. If poverty persists and the human condition continues to be neglected, political and social strains will inevitably occur. Similarly, if economic growth proceeds at the expense of the integrity of the environment, development will become unsustainable. Consequently the Strategy has as its principal theme the strengthening of the relationship between economic growth and human welfare.

86. In the 18 months that have elapsed since the adoption of the Strategy, no significant advancement in the human condition could be expected. Moreover, with many of the prerequisites for the resumption of growth and development in developing countries still waiting to be met, it is doubtful that much progress has been made in laying the foundations for improving human welfare in the remainder of this decade.

A. Alleviation and eradication of poverty and hunger: trends and approaches

87. Over 1.1 billion people in the world are estimated to live in poverty, and of them over 600 million are deemed "extremely poor". Of those 600 million, two thirds live in Asia, where they are concentrated in rural areas with high population densities. In sub-Saharan Africa, 120 million people are estimated to be extremely poor, most of them in rural areas. In Latin America, extreme poverty encompasses 50 million and is concentrated in the Andean highlands, urban slums and among rural landless households. In North Africa and the Near East, 40 million extremely poor are dispersed in smaller, less visible pockets in rural and urban areas.

88. Although the link between changes in GDP and social indicators is tenuous in the short term, in the medium to long term a growing economy is needed in order to raise standards of living and eliminate poverty. In countries with rising per capita income, social conditions generally improved in the 1980s. In most of them, substantial gains were achieved in agricultural production. The share of the absolute poor diminished in those countries. In countries with declining per capita income, living standards worsened and progress in social indicators slowed down or was reversed. The number of people living in absolute poverty rose substantially.

89. According to Secretariat projections, world economic growth is expected to remain significantly below its long-term historical trend during the 1990s, albeit somewhat higher than recent experience. As a result, many developing countries will continue to experience acute poverty with little prospect for improvement. According to the baseline scenario, 976 million people, as compared with 1.05 billion in 1990 and 994 million in 1980, will still have a per capita annual income of less than US$ 300 (in 1980 dollars) by the year 2000. All the improvement is expected to take place in the Asian region,

while in Africa and Latin America and the Caribbean the number of people in this category is projected to increase.

90. Simulations by the World Bank show that, if growth rates for developing countries were to average only 3 per cent per capita in the 1990s, the number of poor people in developing countries could fall from 1.1 billion in 1985 to 825 million by the year 2000. As the Strategy noted, sustained growth at a rate of around 7 per cent would provide the conditions for a genuine transformation of the economy including rapid increases in poverty eradication. Clearly, the first 18 months of the 1990s are not auspicious for fulfilling those conditions during this decade.

91. Budgetary constraints have led to a curtailment of commitments to the social sectors. However, there is scope for a better allocation and use of available resources. This has spurred the search for more innovative and efficient ways of implementing poverty-related programmes and projects.

92. The social implications of structural adjustment and stabilization programmes in developing countries and the lessons from the rapid transformation process in the formerly centrally planned economies point to the need for effective social safety nets, special social funds and special employment programmes.

93. The International Labour Organisation (ILO) and other United Nations organs and agencies are working closely with IMF and the World Bank to mitigate the negative effects of structural adjustment programmes (SAPs) by improving their social content. This involves an emphasis on policies for higher growth, job creation, infrastructure development and access to health care, education and training and balanced programmes for the development of rural and informal sectors, all of which are essential for reducing poverty. At the World Bank, new directives make sustainable poverty reduction an overriding objective.

94. Concerning food security, food supplies in low-income food deficit countries are likely to be adversely affected by the decline in production of staple foods in 1991, particularly of cereals. Their total import requirements are expected to grow in 1991/92, but food aid shipments to them are forecast to remain constant, adding to their food supply problems. The production shortfall and expected draw-down of stocks are pronounced in China and in the low-income food deficit countries of Central and South America. The food situation in sub-Saharan Africa improved during 1991, particularly in the Sahel and other parts of western Africa, but the situation in a number of countries, particularly those affected by drought in southern Africa and the Horn of Africa is, however, extremely serious.

95. Food aid will be required on an increasing scale during the 1990s. Recent projections suggest a need for at least 20 million tons more each year to meet minimum nutritional requirements and to provide food security. Meanwhile cereal food aid deliveries remain at about 11 million tons a year

and resources provided to the World Food Programme (WFP) for development projects have declined.

96. With the recent escalation in natural and man-made emergencies, there has been a shift in the deployment of WFP resources from development to disaster relief. Half of all deliveries of WFP's own food aid in 1991 went for emergencies and for long-term refugees and displaced people compared to about one third in previous years.

97. In many countries women account for the bulk of food production and are the providers of household food security and welfare. Unless their role as producers can be supported and enhanced, there is little prospect of overcoming hunger or poverty in the rural areas in developing countries. The recently convened World Summit on Economic Advancement of Rural Women called for increased inter-agency collaboration for improving the conditions of 550 million rural women who are at the centre of hard-core poverty.

98. The relationship between poverty and natural resource degradation is highly complex. However, there is a significant correlation between poverty and environmental degradation. Without poverty alleviation and eradication, protecting the environment will be difficult in many developing countries. But environmental and natural resources management can provide avenues for reducing poverty. Rural development schemes which relate short-term income provision to long-term increases in natural resource productivity contribute to the reduction of poverty in sustainable ways.

99. The Strategy does not address the alarming trend in international illicit drug trafficking, which links poverty in rich countries with poverty in poor countries. Eradication of illicit narcotic crops not associated with redevelopment will prove only temporary and no long-term progress can be expected.

B. Human resource and institutional development

100. Human resource development is both a source of gains in human well-being and a crucial means of expanding the productive capacity of people. In developing countries there is a demonstrable waste of human resources as a result of premature death, recurring and disabling sickness and illiteracy. Although over the long term striking progress has been made in human resource development, the 1980s was marked by stagnation and reversals in many countries, especially in Africa and Latin America.

101. While some reduction in communicable diseases is occurring - mainly through immunization - many communicable and parasitic diseases continue unabated, and some are worsening (malaria, tuberculosis, human immunodeficiency virus (HIV) and cholera). Simultaneously, chronic diseases (cardiovascular, cancer and diabetes) are increasing.

102. The completed second evaluation of the Global Strategy for Health for All by the World Health Organization (WHO) completed in November 1991 shows that health policy implementation is not satisfactory. While theoretical coverage of health care has been extended in most countries to 80 or 90 per cent of the population, actual access to health services, particularly for the least advantaged populations, is much lower.

103. Government budgets are not expanding to meet health needs; past investments in health infrastructure are proving difficult to sustain. Recent reforms in many developing countries involve reviewing the role and responsibilities of government in the public health sector. In all likelihood greater health care roles will be defined for private and non-governmental services.

104. Increasing reliance on market forces is also evident in the housing sector. Governments are focusing on enabling and empowering strategies in line with the Global Strategy for Shelter to the Year 2000. A relaxation of government regulations in housing is taking place with more emphasis on small-scale enterprises. Conceptual, analytical and institutional frameworks are inadequate for monitoring the performance of the housing sector. To remedy this, the United Nations Centre for Human Settlements, in collaboration with the World Bank and other donors, is implementing a "housing indicators programme" to create a basic set of key indicators for the housing sector.

105. Reallocation of existing resources is not enough to achieve human development. There also have to be more adequate resources. The decline in real per capita GDP in many countries during the 1980s and the declines in public expenditures have made it difficult or impossible to achieve this objective. Given that the fall in social expenditures paralleled that of GDP, it seems that the general lack of resources rather than diminished governmental priorities caused the declines in the social sectors.

106. Improvements in domestic policies and programmes for human resource development are necessary, but international assistance can be supportive. Indeed, the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) considers human resource development to be central in development cooperation strategies and also emphasizes that assistance for human resource development enjoys widespread public support in donor countries.

107. One phenomenon in the social sphere which has widespread consequences for human development and deserves close attention is the unforeseen magnitude of the global shadow caused by the acquired immune deficiency syndrome (AIDS) pandemic. AIDS has the potential to disrupt development in parts of the developing world.

108. The number of HIV-infected persons continues to increase. Estimates are continually being revised upwards. At the beginning of 1992, it is estimated that some 9 to 11 million men and women and 1 million children are infected with HIV. By the year 2000, it is estimated that, of the 30 to 40 million

cases projected, 90 per cent will be in developing countries. The situation in sub-Saharan Africa is particularly daunting with 6.5 million men and women and 750,000 children infected. The disease is spreading rapidly to low-prevalence areas such as South-East Asia and also from urban to rural areas. Thus, the incidence of HIV in South-East Asia could surpass that of Africa during the second part of the 1990s.

109. Caring for AIDS patients is expensive. For example, the direct costs in developed countries amounts to as much as $36,000 per patient, which is in striking contrast with the situation in developing countries, where only about $3 to $5 is spent on health per capita per year. In some countries treating all HIV/AIDS patients would absorb 50 per cent of the annual health budget.

C. Population

110. The Strategy emphasizes that problems of rapid population growth, population distribution, migration, dependency and urbanization pressures adversely affect most aspects of social development and many aspects of economic growth as well.

111. In 1990, of the world's 5.3 billion people, almost 4.2 billion lived in developing countries. By the year 2000, United Nations "medium variant" projections suggest that these numbers will have increased to 6.25 billion and almost 5 billion respectively. In all regions except Africa, population growth rates have been declining since the mid-1960s. However, declining birth rates mask the population momentum: each woman is having fewer children, but many more women are giving birth. The downward trend in birth rates might not continue as increasing numbers of women enter their reproductive ages during the 1990s.

112. Population assistance programmes can play an important role in developing countries requesting these services. Contraceptive prevalence continues to rise in all developing countries; it has reached 70 per cent in East Asia, but only 17 per cent in Africa. Some 144 countries provide some form of support to family planning programmes and it is estimated that about 400 million births have been averted over the last 30 years. But just to attain the United Nations medium variant projection for the year 2000, an additional 186 million couples will have to be reached by family planning services by the turn of the century.

113. There is a greater consensus on the importance of lowering population growth. The report of the South Commission emphasized that actions to contain the rise in population cannot be postponed but must be taken now. The United Nations Population Fund (UNFPA) is encouraging donor countries to increase the percentage of ODA funds going to finance population activities from slightly over 1 per cent, which was the average for the 1980s, to 4 per cent by the end of the 1990s. However, the level of population financing has not improved yet.

114. Family planning is a necessary but not a sufficient condition for slowing population growth. Development has to occur as well; there is a strong inverse relationship between development and fertility. Human resource development, especially for women, is crucial. The education of a mother is estimated to be twice as effective as the education of a father in lowering infant and child mortality. Women's education is closely related to child health as an estimated three quarters of all health care in developing countries takes place at home, where women generally have the responsibility for their families' health and nutrition. Also, in the developing countries, women with seven or more years of schooling marry, on average, nearly four years later than women with no education.

115. Of the 960 million illiterate adults in the world, 640 million are women. In the developing countries, the female illiteracy rate was 45 per cent in 1990, compared with 25 per cent for males. The disparities vary. In Latin America and the Caribbean the literacy rate for females is gradually catching up with that for males. The female illiteracy rates in sub-Saharan Africa, North Africa and the Middle East, and southern Asia are above 60 per cent, while the rates for males vary between 35 and 41 per cent. If current trends continue, one female out of two will still be illiterate in these three regions by the year 2000.

116. Deaths of young children in developing countries account for a large share of all deaths, and children are the major target group in efforts to reduce overall mortality. In 1990 in developing countries 12.9 million children under the age of five died. The immediate causes of more than 60 per cent of those deaths are preventable diseases such as diarrhoea, measles, tetanus, whooping cough and pneumonia. One of the goals adopted by the World Summit for Children in 1990, and repeated in the Strategy, is a one-third reduction in under five death rates or a reduction to below 70 deaths per 1,000 births, whichever is less. Reducing infant and child mortality also reduces fertility.

117. The overall theme of the Conference on Population and Development in 1994 will be population, sustained growth and sustainable development.

118. The Strategy refers only in passing to international migration, and then largely as a consequence of conflicts and upheavals. However, international economic disparities are also contributing factors. Predicting trends in international migration is difficult, as it is greatly affected by unpredictable political, economic and social circumstances in both countries of origin and destination. But as the gap between the North and the South remains huge and increasing numbers of people in developing countries face diminishing opportunities in their own countries, the pressure for migration to the industrialized countries will increase.

D. Environment

119. The Strategy contains only broad guidelines concerning the environment. When it was adopted, the preparatory process for the United Nations Conference on Environment and Development had just begun and when the present report reaches the Economic and Social Council, the Earth Summit in Rio de Janeiro will just have been concluded.

120. Awareness of the environmental dimension has risen to a new degree as evidence continues to accumulate about the gravity of the potential threat posed by environmental degradation. The Earth Summit has generated considerable public interest world wide, creating new imperatives for Governments to demonstrate their commitment to sustainable development.

121. Many countries have prepared national environmental action plans, strategies or policies which reflect efforts to relate environmental management to sectoral and overall socio-economic development. The process of preparing national environmental action plans is increasingly eliciting participation of major interest groups, e.g., industry, consumer groups and the scientific community. Environmental institutions, departments and ministries are being set up or strengthened.

122. Environmental impact assessment is increasingly accepted as a useful tool, although such assessments have not yet achieved an adequate integration in project appraisal. In the developed countries the "polluter pays principle" is increasingly applied. However, the issue of comparative advantage plays an important role with regard to the application of this principle. Although regulation is still the main approach to environmental management, this is increasingly being supplemented by the use of economic instruments which introduce greater flexibility and reduce the costs of implementation.

123. While progress has been made in terms of legislation, policy measures and establishment of standards in environmental matters at national levels and in international cooperation, as yet little progress has been made in terms of actual improved environmental quality and natural resource conservation.

124. For countries whose economic growth directly depends on productivity of natural resources and exports of primary commodities, resource scarcity and degradation, population growth and widespread poverty, combined with high debt-service payments, unfavourable terms of trade, restricted access to export markets and meager foreign investments and financial flows, pose extraordinary challenges. Their environmental and development crisis is often compounded by civil strife, poor governance and large-scale migrations in the wake of drought, famine and political turmoil.

IV. THE LEAST DEVELOPED COUNTRIES

125. In 1991 five more countries were added to the list of least developed countries, bringing their total to 47. Only one least developed country was found to meet the criteria for eventual graduation from the list.

126. The world economy has not so far provided a favourable climate for the reactivation of growth in the least developed countries called for in the Programme of Action for the Least Developed Countries for the 1990s as adopted by the Second United Nations Conference on the Least Developed Countries in Paris in September 1990.

127. The growth of the least developed countries has been adversely affected by the slowdown of world economic growth, the deceleration of world trade and the decline in the real prices of major non-fuel commodities. Stagnation has continued. The total GDP of the least developed countries is estimated to have grown at no more than 1.4 per cent in 1991, compared to 3.4 per cent for the developing countries as a whole. Projections for 1992 show negative growth, largely because of the drought conditions in southern Africa and the Horn of Africa. This implies negligible or negative per capita growth rates for a large number of least developed countries.

128. Weather conditions continue to be a key factor in their economies. While 1990 was a particularly poor year for African least developed countries, in 1991 favourable weather brought a marginal improvement in overall economic conditions. The vagaries of weather returned in 1992 with drought in southern Africa and the Horn of Africa.

129. Many least developed countries are pursuing programmes of economic policy reform. Domestic currencies have been devalued, government spending is being trimmed and trade policy reforms have been initiated. Least developed countries have also taken steps to rationalize and increase the efficiency of the public sector, strengthen human and institutional capacities and promote private initiatives for development, including private enterprise and foreign investment.

130. However, the success of national policies in the least developed countries depends on strengthened partnership for their growth and development. The Programme of Action identifies three major areas for international support: external resource flows, debt relief and external trade. The flow of ODA to the least developed countries in the early 1990s only partially reflects the new commitments undertaken at the Paris Conference. Even if ODA were to increase significantly in line with these commitments, it would still not meet the external capital requirements of the least developed countries during the 1990s.

131. Significant debt-relief measures have been taken in favour of the least developed countries over the past few years. None the less, the debt burden of many least developed countries remains heavy.

V. ROLE OF THE UNITED NATIONS SYSTEM

132. The Strategy gives principal responsibilities for implementing the Strategy to countries themselves, both developing and developed. None the less, "great obligations fall ... on the system of international organizations to extend and fulfil their role in the promotion of development".

133. The principles and goals of the Strategy incorporate principles and goals already contained in the sectoral strategies, plans and priorities adopted by the governing bodies of many organizations in the United Nations system and reflected in the medium-term plans, programme budgets and other documents that guide their work. The Strategy recognizes the need to build on the agreements reached by a number of intergovernmental conferences.

134. Some of the goals and principles of the Strategy are broadly defined and involve many member organizations; it would be difficult to specify clear-cut implementation criteria for them. But most of the principles and goals also have specific subsidiary goals and objectives, which are mainly the responsibility of one or a few organizations in the United Nations system as reflected in their long-term strategies.

135. Most of the work of the United Nations system is in line with the Strategy. Thus the regular reporting to the governing bodies on the implementation of the organization's work to a great extent monitors and reviews implementation of the Strategy. Some organizations already have established an extensive monitoring and review process related to their long-term strategies.

136. Use should be made as much as possible of the existing machinery of United Nations agencies rather than of new monitoring mechanisms. For example, the implementation of the hunger alleviation goals spelt out in the Strategy is an integral part of the World Food Council's mandate and is regularly reviewed during its annual ministerial sessions. The monitoring of the goals for children recommended by the World Summit on Children and reflected in the Strategy is an integral part of the United Nations Children's Fund mandate.

137. Within the existing system, the need for cooperation and coordination has been recognized, and there are mechanisms for coordination. Coordination should not mean bureaucratic stifling of new initiatives; the main challenge is to get on with the technical collaboration that is called for, while minimizing the bureaucratic overhead.

Notes

1/ For a fuller account, see World Economic Survey 1992 (United Nations publication, Sales No. E.92.II.C.1). The analysis of external debt and external development finance is also largely based on the Survey.